

# Vladimir Putin: Assessing the New Global Landscape, Russia's Nuclear Capabilities, Revival of Russian Economy

Annual Press Conference 2016

By [Pres. Vladimir Putin](#)

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Video And English Transcript

Russian President Vladimir Putin, annual press conference, attended by Russian and foreign media, in Moscow on Friday, December 23.

Conference begins at 9:30 of video.

## Transcript

**President of Russia Vladimir Putin:** Good afternoon, colleagues, friends. Let's begin.

We have agreed with my assistant here that I will not make any lengthy opening remarks, so let us get down to business, to your questions. Go ahead, please.

**Presidential Press Secretary Dmitry Peskov:** Following a tradition we have, I propose that we give the first question to one of the most experienced members of the Kremlin's press pool, who, I think, has been working in it since the end of last century. Valery Sanfirov, Mayak radio station, your question, please.

**Valery Sanfirov:** Mayak radio station, Vesti FM, Radio Rossii.

Mr President, the year is coming to an end, so it is time to take a look at the state of the Russian economy. At meetings on economic and other matters held throughout this year you have often used such terms as 'turbulence,' 'hitting the bottom' or 'reaching yet another low'. I can even quote a joke you shared with us at last year's news conference, saying that 2015 was not as bad as it could have been. How could you describe the current state of the Russian economy? Thank you.

**Vladimir Putin:** This is a traditional question and a natural thing to ask. Of course, we are analysing our performance over the past year. As usual, this performance needs to be put into perspective. We need to look at the macroeconomic indicators of 2015 and compare

them with what we have achieved in 2016.

As you can probably guess, I have the latest figures that we reviewed yesterday with colleagues and a number of experts.

Last year, Russia's GDP, which is the key indicator, dropped 3.7 percent. This year GDP also declined, but we are not talking about a contraction of this magnitude any more. Initially we believed that the GDP would fall by about 1 percent, but this figure was later adjusted to 0.7 percent and then again to 0.6 percent. In November, national GDP inched up. Overall for the year we are expecting a decrease in GDP in the range of 0.5 percent - 0.6 percent.

GDP increased thanks to growth in industries of the real economy, such as machine building, truck manufacturing, heavy machine building, manufacturing of road-building equipment, transport machine building, the chemical industry, light industry, processing and, of course, agriculture. Growth in agriculture was substantial - 2.4 percent last year. We expected 3.2 percent growth this year but the current figure is 4.1 percent and the yearend figure will be at least 4 percent. I think this is a very good trend and we must try to maintain it.

There is also the inflation rate. You remember that it was rather high last year, even for our economic system. One of the reasons was the import replacement programme in agriculture and the ensuing market disproportions. We could not substitute everything we had imported. But agriculture has demonstrated very good dynamics, and the inflation rate will be different this year. I would like to remind you that the previous lowest inflation rate - 6.1 percent - was reported in 2011. It will be below 6 percent this year. We had thought it would be around 5.7 or 5.8 percent, but it will be most likely around 5.5 percent. That is a record low inflation rate and a reason to believe that we will soon be able to reach the target inflation rate of 5 percent and subsequently 4 percent.

I believe that our budget deficit was 2.6 percent [of GDP] last year. It will be slightly larger this year - I will explain why later. The figure for the first 10 months is 2.4 percent, but the yearend figure will be 3.7 percent. I believe that it is an acceptable figure, in part because we have a foreign trade surplus of over \$70 billion. We have maintained our reserves.

It is true that the Government's Reserve Fund has decreased a little bit, but the National Welfare Fund is almost intact. The Government's reserves are estimated at some \$100 billion, while the Central Bank's foreign reserves have increased. They amounted to \$368 billion at the beginning of the year, if memory serves, and by now they have grown close to \$400 billion, or more precisely more than \$385 billion. In other words, we are doing well in this respect, too, and this is a solid safety net.

Finally, cargo shipments are on the rise, which means that the economy is recovering. This is a very positive indicator.

Are there any other encouraging signs? Capital outflow is decreasing. Just look at the trend: in 2014, the outflow exceeded \$150 billion, but in 2015 it was \$57 billion. This year, it came in at just \$9 billion in the first 9 or 10 months, and is expected to total \$16 billion - \$17 billion in 2016, taking into account payments under loans, etc. Overall, the trend is quite encouraging.

What are the problems? Are there any issues? Of course, there are. We have to ensure

further economic growth and higher industrial output, real disposal incomes have somewhat declined, which is not a very good thing in itself, since it leads to lower consumer demand and thus affects investment. That said, there is a positive side to it, as well: over the last several months we have been seeing a rise, albeit a modest one, in real wages in the real economy, which is a positive development that gives us reason to believe that the positive trend will remain in place in the near future.

As for the social sphere, the demographic trends remain positive. Natural population growth continues. The birth rate has slightly decreased, but the mortality rate also declined. Overall, there is a positive trend in terms of natural population growth. This is how things are.

In this regard it can be said that we are advancing in accordance with the plan that was publicly announced. It is being implemented, and the performance so far has been quite positive.

**Marina Sevostyanova:** Good afternoon,

Svetich agriculture media holding. My name is Marina Sevostyanova. My question has to do with subsidies for Russian agricultural machine manufacturing.

In fact, these subsidies benefit two industries, both manufacturing and agriculture. My question is to what extent do you believe these support measures are still needed? Are there any plans to expand them and make anti-crisis initiatives permanent?

**Vladimir Putin:** Anti-crisis measures cannot be permanent. They are intended to help specific industries, in this case you mentioned the manufacture of agricultural equipment, overcome current challenges and put them on the path of steady growth. This is about demand, and there is no doubt that it is our job to ensure that there is demand.

By the way, agricultural machine-building, which, if I didn't already mention before, I will now, has posted very good growth. This is one of the sectors that is now driving industrial growth rates and, ultimately, our GDP figures. But we need to set a clear course of having this and other industrial production sectors live not on state subsidies but on natural demand.

How do we create this natural demand? By developing the agriculture sector itself. If we develop the sector and our agribusinesses have more money at their disposal, they will be able to invest more in buying new equipment and this will support agricultural machine-building.

As I said, the trend is very good here, with agriculture up by slightly more than 4 percent, and I am sure that as this sector continues to grow, demand will grow with it, and this will support the agricultural machine-building sector too.

For now though, these trends are still fragile and so we need to support them. The Government will continue providing state subsidies next year to the sectors that need it. A total 10 billion rubles have been earmarked for industry as a whole, and 216 billion for agriculture. I hope that these combined measures will produce positive results.

Since we are on the subject of agriculture and there will probably be more questions on this sector, let me say that we have been celebrating along with the rural population lately,

celebrating this record harvest we have had. We said it would be a record 117 million tonnes. In fact, it will be more than 119 million tonnes, which is quite simply an excellent result, and I want to thank the farmers for their work.

This really is an unprecedented achievement in our recent history. There were similar results back in the 1970s, when Russia was called the RSFSR, even slightly bigger in 1973 and 1976, but we know that even with those bumper harvests foodstuffs and fodder were still in short supply back then.

The structural changes and organisation in the agriculture sector today show that the result we have now is something unique and offers us excellent opportunities for developing the sector further.

**Alexander Kolesnichenko:** Alexander Kolesnichenko, Argumenty i Fakty.

This is a good opportunity to double-check the economic growth you are talking about. Everyone says the world is on the threshold of some serious economic changes and even revolutions. Economic growth will be impossible in principle without new technology and this will seriously change the place of many countries in the world.

We have talked for a long time about a new technological paradigm. You devoted much time to this in your recent address. That said, it seems that in some areas we are lagging even further behind, for instance, in IT, as well as in production and social development with IT.

We have fallen far behind others. Could this be forever? It would be interesting to know your viewpoint, your opinion, if you could be more specific about this. Maybe you could even explain what the biggest problems are and what to do about them. Thank you.

**Vladimir Putin:** Some experts believe our economy is unresponsive to scientific achievements and modern high-tech economic trends. I think this is not quite so because the problem with economies like ours is that it is possible to take in big revenue from the energy-related sector and it is difficult to compel business to invest in other areas if there is one area where they can make quick and fairly large profits.

To change the structure of the economy, give it a new dimension and create development prospects, our Government has for many years taken steps to subsidise certain areas of economic development, primarily, high-tech industries, of course. Yes, for the time being we invest less in high-tech industries than the OECD, in the economy in general, and the difference is considerable. The OECD countries invest about 2.4 percent of their aggregate GDP in it compared with Russia's 1.2 percent.

These efforts have produced the first results. First, the authorities and businesses have joined efforts to adopt the National Technology Initiative, as you know. We are drafting a comprehensive economic development plan to 2025. The Government is to complete and make it public by May. Priority development areas are being created in the Far East and eastern Siberia as zones of high-tech production with special incentives. In general, special incentives have been available in several sectors, including the IT sector, for the past few years, and we can see the results.

What are the results? For example, IT exports were around zero several years ago. Today we export \$14.5 billion worth of weapons and \$7 billion worth of IT products. I have cited these figures before. Many of our high-tech sectors have become competitive. They may

look like mere growth points now, or individual achievements, but we are certainly a global leader in many areas, including those we have led traditionally, such as civilian nuclear technology, space exploration, some aviation sectors, and the like, as well as in the defence industry, which has experienced exceptional growth in productivity.

This will also carry over to civilian sectors. You know that the Government has been instructed to translate the current positive trends in the defence industry to civilian industries. By and large, I believe that there is no reason for despair. More than that, there are grounds to believe that we will not simply achieve leadership in many key spheres, but will also preserve this leadership for decades. Of course, we proceed from the belief that we must become part of the global trend and even lead the transition to a new technological revolution. We have every chance of doing so, considering the high level of development in research and education.

One sign says 'Tatars', and the other 'Not without Tatars...' So, what about Tatars, what is the problem?

**Yelena Kolebakina:** Mr President, my name is Yelena Kolebakina, Business Online business newspaper.

I have the following question. As you probably know, there are more and more troubled banks in the country. It is not uncommon for the Central Bank to revoke ...

**Vladimir Putin:** What does this have to do with the Tatars? How cunning of you.

**Yelena Kolebakina:** Hold on, that is not all.

It is not uncommon for the Central Bank to revoke licences and suspend operations, and Tatarstan has not been spared. Of course, individual depositors will get their deposits back in the amount set by law, which is 1.4 million, while small enterprises that you support so much, they will go bankrupt, since they are viewed as third-rank creditors, so more often than not they end up not getting anything back.

My question is whether a fund of some kind should be established for legal entities that would operate just as the Deposit Insurance Agency does for individual depositors? Maybe you have some idea of how this issue can be resolved? Maybe we will end up having just four or five federal state-owned banks? In your opinion, do we need small regional banks?

Thank you.

**Vladimir Putin:** First, almost all experts, both Russian and foreign, support the Central Bank in its efforts to improve the financial system. No one believes that in doing so the Central Bank of the Russian Federation is doing something wrong. Nobody believes that. These efforts are undertaken above all in the interests of depositors. If organisations that are not financial institutions at all, but money laundering vehicles, remain on the Russian market, it will do no good, and depositors will be the ones to suffer. It is for protecting the interests of individuals that the deposit insurance system was introduced.

As far as I am aware, the Central Bank is working closely with Tatarstan authorities. The President and Government of Tatarstan, which is one of the regional leaders in the Russian Federation in terms of development in the economy, social sector and many other areas, are working with the Central Bank to find ways to support all depositors,

including legal entities. There are legal procedures in place in this area, the provisions we have today, but of course we will need to take a close look at how to support our industrial companies and small and medium business.

The Tatarstan bank you mentioned is not some small establishment but a sizeable institution. As far as not simply the big banks but also small banks and small and medium business go, as I said in my Address [to the Federal Assembly], if you noted, we need a network of smaller regional banks too, and the Central Bank could apply different regulatory requirements for these smaller banks. The idea is to take a differentiated approach, apply tougher requirements, closer to the Basel III, to big banks and banks that play a central role in the system overall, including regional banks, and apply less stringent requirements to small regional banks working with small and medium business and with ordinary people. This would give them greater flexibility in working with their customers. But a lighter regulatory framework should not mean lower quality of these establishments, and the financial authorities must continue their oversight role here.

As for the bank you referred to, let me say again that the Central Bank and the authorities of Tatarstan continue their work and this process is proceeding quite smoothly.

**Dmitry Peskov:** Ekho Moskvu, please.

**Alexei Solomin:** Good afternoon, Mr President.

My question is connected, in part, to your Address [to the Federal Assembly]. You said that the fight against corruption is not a show. There are too many shows like this around. Take the story of [Federal Customs Service Director] Andrei Belyaninov. He has been nearly ruined, his name dragged through the mud, but later it turned out he was framed. Or take [Economic Development Minister Alexei] Ulyukayev, a close and confidential associate, whom you dismissed overnight, citing the loss of trust. Did you talk with him? Did you ask him for an explanation? Do you have it? Is it possible that these headline-grabbing cases are not about fighting corruption and that they are an imitation created for public attention, or your attention, in order to get a seat closer to you?

If I may, I asked a question at last year's news conference, and I would like to ask the same question again. It concerns the murder of Boris Nemtsov. Are you monitoring the investigation? Do you, as a lawyer, consider the related developments convincing? Do you, as the Supreme Commander-in-Chief, believe that Russian officer Ruslan Geremeyev, who has not appeared in court for testimony, must appear in court?

Thank you.

**Vladimir Putin:** I will begin with the last part of your question. Of course, I closely monitor the so-called high-profile cases, especially when they concern murder, in particular, the murder of Boris Nemtsov. Of course, I support everything the investigative authorities have done to establish the circumstances of this case and to identify the persons involved and the culprits.

It is not surprising that officials, people who held official positions, including in law enforcement agencies, sometimes commit crimes, even very serious crimes. This has happened in Russia and other countries before. Take the horrific, tragic murder of our ambassador in Turkey. Do you know who killed him?



So there is nothing new in this, and we will continue working consistently to establish the circumstances and to identify the criminals. The investigative authorities usually achieve this goal in the majority, if not all high-profile cases, although this can take years, as in the case of Galina Starovoitova and several other cases. Unfortunately, we have not yet established all the circumstances surrounding the murder of Mikhail Manevich, with whom I had a close personal relationship. His murder has not been solved yet.

As for other high-profile cases, including Mr Belyaninov, there was no case against him. I fully agree with you in this respect and consider it unacceptable that information about the pre-investigation actions taken, including searches and the like, was leaked to the media. Such leaks damage business and personal reputations.

Regarding Mr Ulyukayev: I did not talk with Alexei Ulyukayev. I believe that the information provided by the related agencies was sufficient reason to remove him from his position due to loss of trust. We will know what this leads to after the trial. Making any conclusions before this is improper and harmful.

**Dmitry Peskov:** Vyacheslav Terekhov, also one of the most esteemed members of the Kremlin press pool.

**Vyacheslav Terekhov:** Thank you very much.

**Vladimir Putin:** Everything for the Kremlin press pool. "How can one pass over a relation!"

**Vyacheslav Terekhov:** We have been working together for a long time - that is why. Mr President, we have been implementing 11 executive orders and 270 provisions - the so-called May executive orders - for five years now. We have been working and working... There is probably no money for this.

**Vladimir Putin:** Why not?

**Vyacheslav Terekhov:** The budget shows that there are cuts everywhere.

Could you please tell me whether I am right in assuming that the sale of a large stake in Rosneft, in part to foreign investors, will fund the implementation of the May executive orders and the economy? But will foreigners be able to give us the money now that the banks are under sanctions? If so, are you ready, is the country ready to sell stakes in large state-owned companies to maintain the current state of affairs?

Thank you.

**Vladimir Putin:** I could answer your question until tomorrow morning because it has to do with the budget, implementation of the May executive orders and privatisation. In fact, it boils down to three major issues.

In terms of the budget, yes, we proceed from the most conservative forecasts, notably, \$40 per barrel next year.

It is true that budget spending will decrease in percentage terms from over 18 trillion to just over 16 trillion but in absolute terms it will remain constant - 15.8 trillion rubles in 2017, 2018 and 2019. Coupled with 5,000 ruble payments to pensioners next year and the so-called income-related costs and revenues, this will be a little over 16 trillion -

16.1 trillion rubles. But we have made all the allocations needed to deliver on social commitments, including those stated in the 2012 Presidential executive orders.

Moreover, we will fully and completely retain our support for the industry. It will amount to 2.6 percent of the GDP – even a little higher than this year. I think this year it was 2.2–2.3 percent.

National defence is the biggest spending item in the budget. In 2011, we spent 2.7 percent of our GDP on defence. This year, and over the last five years, we have substantially increased defence spending. This year's figure will come to 4.7 percent of GDP. Next year, the figure will be 3.3 percent, and in 2019, 2.8 percent. We will arrive at this level of 2.8 and maintain it there over the several years to follow. This will not affect our plans to strengthen our country's defence capability because, as I said, we have invested substantial funds in this sector over the last five years. What is very important is that we will pay off all debts to defence companies this year, and this makes it possible for us to programme the financing levels I just mentioned.

We are selling stakes in state-owned enterprises not because we lack money for particular budget expenditure items, but for several other reasons.

First, bringing in new owners will help to improve our economy's structure. These new owners include Swiss trading company Glencore and the Qatar Investment Authority. Our position is that the arrival of these new representatives on the management board will improve the management quality of the company, which is already among the most effective in the world. This was also part of our budget revenue plans, programmed into the budget right from the start, not to finance any particular sector, but for a variety of reasons all together.

As for the money the foreign buyers are paying for the 19.5-percent stake they are acquiring in Rosneft, it has already been paid in full into the Russian Federation budget.

Rosneft itself paid slightly over 300 billion for Bashneft, and the foreigners have already paid their share – slightly over 700 billion. Overall, the budget received around 1.1 trillion from the Bashneft sale and the sale of a 19.5-percent stake in Rosneft.

**Nathan Hodge:** Mr President,

My name is Nathan Hodge, Moscow Bureau chief of the Wall Street Journal. Is there a possibility of an early presidential election next year?

**Vladimir Putin:** What country are you talking about?

*(Applauses. Laughter in the audience)*

**Nathan Hodge:** The Russian Federation.

**Vladimir Putin:** I can tell you right away. It is possible, but not advisable.

**Nathan Hodge:** Thank you.

You made a statement yesterday on strengthening the strategic nuclear capability. Could you elaborate on these plans in greater detail?



**Vladimir Putin:** May I ask you to better articulate your question? What exactly in my statements at the Defence Ministry Board meeting caught your attention?

**Nathan Hodge:** On a personal level, what interests me is the production of new kinds of nuclear weapons. We know of course how hard it is, since nuclear tests are banned. Perhaps you simply could not help but respond to Mr Trump's statement yesterday on nuclear weapons?

**Vladimir Putin:** Regarding the US President-elect, Mr Trump, there is nothing new here. On the campaign trail he talked about the need to strengthen the US nuclear capability and armed forces. So there is nothing unusual here.

Honestly, I was quite surprised by statements coming from other official representatives of the current administration, who for some reason started to argue that the United States has the most powerful army in the world. But nobody suggested otherwise.

If you listened carefully to what I said yesterday, I talked about strengthening the nuclear triad and in conclusion said that the Russian Federation was stronger than any potential – and this is key – aggressor. This is a very important point, and not an incidental one.

What does it mean to be an aggressor? An aggressor is someone who can attack the Russian Federation. We are stronger than any potential aggressor. I have no problem repeating it.

I also said why we are stronger. This has to do with the effort to modernise the Russian Armed Forces, as well as the history and geography of our country, and the current state of Russian society. There are a whole host of reasons, not least the effort to modernise the Armed Forces, including both conventional weapons and the nuclear triad.

I must say, and this is no secret, we have nothing to hide, that indeed, we have put a lot of effort into modernising Russia's nuclear missile potential, and our Armed Forces. This also applies to our Strategic Missile Forces, which are deployed on land; this concerns our sea-based forces; this is all open information, we are not hiding anything. We are deploying new strategic nuclear submarines with new types of missiles on board. This also applies to our air forces. I am referring to both the carriers, i.e. the aircraft, and the strike systems they have under their wings. We operate in strict compliance — I would like to emphasize this — in strict compliance with all of our agreements, including START-3.

Once again, allow me to repeat something I consider extremely important. In 2001, the United States unilaterally withdrew from the ABM Treaty. This agreement was certainly the cornerstone of the entire international security system. We were told then, "We are not doing this against you, while you..." I said, "We will have to react somehow, we will need to improve our strike systems in order to defeat these missile defense systems." And they said, "Well, you can do whatever you want, we will proceed from the idea that you are not doing it against us." So that's what we're doing. Although many prefer to ignore this fact, but this is exactly what we have basically agreed to, tacitly, without signing any documents. So nothing new is happening here.

So why are current US officials suddenly claiming that they are the strongest and the most powerful? Yes, indeed, they do have more missiles, submarines and aircraft carriers. We will not even argue with that. We are saying that we are simply stronger than any aggressor.

And this is true.

**Dmitry Peskov:** Crimea: Point of Attraction. Introduce yourself, please.

**Maxim Nikolayenko:** I am Maxim Nikolayenko, Kryminform [Crimea Inform]. Our news agency was established barely a week before Crimea reunified with Russia. So three years is a long time for us.

People in Crimea and Sevastopol differ on the losses and achievements of that period. I think that our opinions are subjective because we lack complete information. This is not the case with you. You certainly have complete information not only from reports but also from other sources.

How would you assess Crimea's development and the rate of its integration in the Russian economy? It is not an idle question. You may have had to answer it often, but the implementation of the federal targeted development programme to 2020 in Crimea and Sevastopol is not very successful, though it has not gone off the rails either. The implementation rate is less than 5 percent in Sevastopol, and the figure for Crimea is not available yet. In this situation, it is very difficult to see which industries are worth developing in Crimea. Another objective reason for this delayed development is the lack of power. Thank you for launching a power bridge to Crimea. We had enough gas of our own for consumption, but we face a severe shortage of additional electricity resources for development. We need more gas and new power stations.

Excuse me, but I must ask one more question, about the project of the century, the Crimean Bridge. The project is absolutely transparent, and we know almost everything about it, except for one detail - the name. We call it the Crimean Bridge, but Muscovites have different associations. The name "Kerch Bridge" has not taken hold, and no other ideas are being discussed. What would you name this bridge?

Thank you.

**Vladimir Putin:** You just said it, Kerch Bridge. I did not suggest the name. I suggested that the bridge be built, and you suggested the name. *(Applause)*

By the way, projects to build a bridge [to Crimea] were proposed in tsarist Russia and also in the Soviet era. The [German] occupiers almost built a bridge, but they miscalculated and it was destroyed by the spring ice breakup. There is a demand for this bridge. I hope, no, I am sure that we will eventually normalise relations with Ukraine, and this bridge will be very important for the development of Russian-Ukrainian trade and cultural ties. The bridge is an important element of infrastructure, which will have an impact on the economy as a whole, not just the tourism industry.

Now to the beginning of your question, that is, the progress of integration. You know that the programme for the development of Crimea stipulates very favourable conditions in terms of Russian law, that is, free economic zones. However, it turned out that rapid integration comes with legal and economic complications. And you cannot blame it all on the federal authorities. They have provided the funds, but you must dispose of them competently, promptly, effectively, sparingly and rationally. But this is also a problem for local officials, who cannot understand how to adapt their work to Russian law and administrative procedures. Adjustment takes time. I can tell you that this process is

ongoing, and at a fast rate.

I mentioned an increase in industrial output in Russia. In some manufacturing industries, we see major growth of up to 20 percent. In general, growth will be low, under one percent, around 0.7, 0.8, 0.9 percent of industrial output; while in Crimea it is six percent, and 25 in Sevastopol due to federal orders placed by our Russian companies.

The unemployment rate is below the Russian average. It is at a good level in general. If we go back to the first question, it is one of the indicators (it was not you who asked this question, I believe). We had 5.6–5.7. This year, it will be 5.5, and even lower in Crimea, which is very good.

Which industries could hold promise for Crimea? Of course, ship repair, shipbuilding, and certain branches of the chemical industry. They are already there and, overall, they work well. All they need is support. Of course, agriculture, as well. By the way, 3 billion rubles were allocated to support agriculture this year, I believe. That is five times more than last year, and 10 times more than in 2014. It is important to make good use of that money and to achieve the best value for the money spent.

Tourism, of course. I have no doubt that with the opening of the Kerch Bridge tourism will increase dramatically. I would like the high-tech industry to develop in Crimea without harming the environment and to create high-tech and well-paid jobs. There is an issue here. Salaries and incomes in Crimea are below the national average. In Russia, the figure is about 35,000 rubles on average, whereas in Crimea it is 24,000, perhaps 24,500, and a little more in Sevastopol – slightly above 25,000. But I am sure these numbers will level out.

We need to take the necessary steps to ensure that at least in the federal government bodies at the regional level salaries are equal to the national average.

I have no doubt whatsoever that in a while it will level out.

By the way, there are Russian regions where income levels are lower than in Crimea. But, in view of Crimea's potential, I am certain there will be growth in this important social area. We need to resolve issues that have remained open for decades. I am referring, primarily, to healthcare. It is necessary to build a good hospital, a clinic in Simferopol. An advanced clinic will soon be built on the southern coast of Crimea outside Yalta. There is a problem with personnel training, because people have never used such equipment. However, this issue is being addressed. Let us combine our efforts and work on it together.

**Yevgeny Primakov:** Yevgeny Primakov, Mezhdunarodnoye Obozrenie [Global Review], Rossiya 24, VGTRK.

Mr President, the world is going through a period of fundamental change. We saw the expression of popular will, when people vote against old political concepts and old elites. Britain voted to leave the European Union, although it remains to be seen how the Brexit issue will pan out. Many say that Trump won because people voted, among other things, against the old establishment, the people they have become sick and tired of.

Have you discussed these changes with colleagues? What will a new global landscape look like? Do you remember what you said at the General Assembly when the UN celebrated its 70<sup>th</sup> anniversary? You said, 'Do you understand what you have done?' Where are things

headed? We are still locked in a confrontation. You have mentioned the exchange about who has the strongest army. At his farewell news conference, Barack Obama, who is still your colleague, said that 37 percent of Republicans sympathise with you and hearing this Ronald Reagan would have rolled over in his grave.

**Vladimir Putin:** Hearing what?

**Yevgeny Primakov:** That 37 percent of Republican voters sympathise with you.

**Vladimir Putin:** Really?

**Yevgeny Primakov:** Yes. And if Ronald Reagan had heard it, he would have turned in his grave.

By the way, we as voters very much appreciate your power and that you can reach as far as Ronald Reagan. Our western colleagues often tell us that you have the power to manipulate the world, designate presidents, and interfere in elections here and there. How does it feel to be the most powerful person on Earth? Thank you.

**Vladimir Putin:** I have commented on this issue on a number of occasions. If you want to hear it one more time, I can say it again. The current US Administration and leaders of the Democratic Party are trying to blame all their failures on outside factors. I have questions and some thoughts in this regard.

We know that not only did the Democratic Party lose the presidential election, but also the Senate, where the Republicans have the majority, and Congress, where the Republicans are also in control. Did we, or I also do that? We may have celebrated this on the “vestiges of a 17<sup>th</sup> century chapel,” but were we the ones who destroyed the chapel, as the saying goes? This is not the way things really are. All this goes to show that the current administration faces system-wide issues, as I have said at a Valdai Club meeting.

It seems to me there is a gap between the elite’s vision of what is good and bad and that of what in earlier times we would have called the broad popular masses. I do not take support for the Russian President among a large part of Republican voters as support for me personally, but rather see it in this case as an indication that a substantial part of the American people share similar views with us on the world’s organisation, what we ought to be doing, and the common threats and challenges we are facing. It is good that there are people who sympathise with our views on traditional values because this forms a good foundation on which to build relations between two such powerful countries as Russia and the United States, build them on the basis of our peoples’ mutual sympathy.

They would be better off not taking the names of their earlier statesmen in vain, of course. I’m not so sure who might be turning in their grave right now. It seems to me that Reagan would be happy to see his party’s people winning everywhere, and would welcome the victory of the newly elected President so adept at catching the public mood, and who took precisely this direction and pressed onwards to the very end, even when no one except us believed he could win. (*Applause*).

The outstanding Democrats in American history would probably be turning in their graves though. Roosevelt certainly would be because he was an exceptional statesman in American and world history, who knew how to unite the nation even during the Great Depression’s

bleakest years, in the late 1930s, and during World War II. Today's administration, however, is very clearly dividing the nation. The call for the electors not to vote for either candidate, in this case, not to vote for the President-elect, was quite simply a step towards dividing the nation. Two electors did decide not to vote for Trump, and four for Clinton, and here too they lost. They are losing on all fronts and looking for scapegoats on whom to lay the blame. I think that this is an affront to their own dignity. It is important to know how to lose gracefully.

But my real hope is for us to build business-like and constructive relations with the new President and with the future Democratic Party leaders as well, because this is in the interests of both countries and peoples.

That poster over there says "Give the floor to Vologda optimists." Vologda optimists, please go ahead. Mr Peskov, sorry to break your plans. We must finally listen to what greater Russia has to say.

**Question:** Mr President, this is about import replacement. Something you talked about a lot today, something our economy relies on. If we remain independent, we will win; if we fail, we'll have problems.

Now the question: Do you think it might be possible in the nearest future to establish a club of manufacturers in Russia, an association of the most prominent representatives of business who have achieved the greatest success in import replacement? Here is why I am asking. Suppose, in a small municipality there is a business that has set up a phenomenal production line, rolling out world-class quality products at a profit, all in a very short time. How does it spend this profit? On two things. Firstly, it invests it in production development, thus promoting further development and expansion of production. Secondly, it donates these profits for the restoration of Orthodox churches. So here is the question. Such people must be recognized somehow, because they have literally invested millions, hundreds of millions of rubles – and by provincial standards you can imagine that this is a lot of money. These people's motivation should be of interest and relevance even at the federal level, to the federal government and you personally. What do you think about this?

**Vladimir Putin:** I would like to thank those people who are engaged in such projects, helping to restore our historical and spiritual values. This applies not only to Orthodox churches, but also to synagogues, and to other religious buildings in all our traditional religions, including Islam, including Buddhists. Here in Moscow, by the way, there are problems with Buddhist temples, I am aware of it, and we will for sure help with that.

As for import replacement, you said we either win or we have problems. But problems always exist and they always will. But there is no doubt we will win. And here's why. Because this so-called import replacement is already bearing fruit. For instance in industry, our imports have declined by 10 percentage points, from 49-something, to 39 percent. This is a very serious change. We have made significant steps in import replacement for a variety of industries: the pharmaceutical industry, the chemical industry, the light industry, heavy machinery, and road machinery (nearly 100 percent Russian-made). We have major changes indeed. Let alone the defence industry, which has seen serious internal structural changes. This is especially important to our achieving technological independence.

About agriculture. We have discussed the increase in inflation over the past year. This year, with the growth of agricultural production, inflation has become significantly lower (for a number of other reasons, but due to improved agricultural performance as well). Therefore, I have no doubt that we will achieve the desired result. We are not going to be isolated. The Russian economy certainly has to be part of the global system if we want to grow – and we do want to grow and develop the high-tech sector. And this will happen. But where there is the possibility of restoration or recreation, or any innovative steps that are entirely within our control, especially in the high-tech area, we are definitely going to go down this path and I am sure we will achieve good results, the results we want.

**Dmitry Peskov:** Sovetsky Sport, please.

**Nikolai Yaryomenko:** I am Nikolai Yaryomenko from Sovetsky Sport.

We are the oldest sport newspaper in the country, 92 years. We have seen a great deal. But we write about more than just scores, medals and seconds. We are concerned about the country's future in sport, and it appears, unfortunately, that we care more than some of our officials do. We have seen that some officials were fired or moved to other posts after the publication of Mr McLaren's two reports, even if not immediately. Can we say that the doping situation in the country is improving thanks to these personnel reshuffles? Will it improve, or are the actions taken towards this end not enough yet?

My second sub-question is: Can the mega-monster, WADA, be reformed or should it be replaced with some other organisation? It is not a strictly sports question, as many people see a political component. Is there a political component?

Thank you.

**Vladimir Putin:** Let me begin with doping as such and the problem of doping. First, Russia has never created – this is absolutely impossible – a state-run doping system and has never supported doping, and we will do our best to prevent this in the future. I wanted to repeat this as my first point.

Secondly, like any other country, we have a doping problem. We must admit this and by doing so, we must do everything in our power to prevent any doping. As such, we need to closely cooperate with the International Olympic Committee, WADA and other international organisations. We will do this. I hope that the ongoing changes, which are not only about personnel but are systemic and structural changes, will help us achieve these goals. In addition, the Investigative Committee and the Prosecutor's Office are investigating all cases of alleged doping, and they will bring these cases to their logical conclusion.

As for the so-called whistle-blowers who ran away from the country, grass up everyone or make up things, I would like to say a few words. I do not remember exactly the name of the person who fled Russia. He headed the Russian Anti-Doping Agency. But where did he work before that? In Canada. And what did he do after that? He came to Russia and brought all kinds of nasty stuff with him, while serving as a high-ranking official. It is hard to imagine that he managed to cross the Canadian or US border carrying banned substances without being detected. You know what it means. Many of you have crossed the US and Canadian borders, there are very strict controls there. He travelled back and forth many times to bring this nasty stuff here. It was his personal undertaking, he forced people to take these substances, and even came up with some sort of sanctions against those who refused to do



so, for example, the swimmers. When he was exposed, he escaped law enforcement, fled, and started slurring everyone in order to protect himself and secure a place in the sun in hope of a better life. At a certain point he will get what he wants. But after that, just as it happens to any rascal, they will drop him. Nobody needs people like this. Why did he not fight here? This makes me think that somebody was behind him. They waited for a certain moment and started spreading these false stories. But this does not mean that Russia does not have a problem with doping. We do have this problem, and we must fight it. We must acknowledge this, and in doing so we must focus on athletes' health.

As for WADA, I am not entitled to assess its performance. It is up to the International Olympic Committee to do it. However, as I have already said, operations of any anti-doping agency, including WADA, should be completely transparent, clear and verifiable, and we must be informed about the results of their work. What does this mean? This means that the international sports community should know who is to be tested, when and by what means, what the results are and what measures are being taken to punish those responsible, what is being done to prevent such incidents in the future. What's going on? Are we talking about the defence industry? No. But in this case it is unclear why everything is so secretive? This should be an open process. They always ask us to be transparent. Transparency is very important in this area.

I cannot fail to agree with what a number of legendary athletes said about the recent decisions to cancel major competitions in Russia. They said that nobody knew anything. But if it was known before, why was it made public right now? You know, politics are always involved in cases like this. Just as culture, sport should be free from politics, because sport and culture should both help bring people together instead of driving them apart.

**Kristina Liver:** Kristina Liver, regional newspaper *Altaiskaya Pravda*, Altai Territory.

Mr President, I would like to ask you about regional loan debt. We all know that this is a big issue.

My second question is, are there plans to give more independence to the regions regarding their financial possibilities?

Let me add to this that Altai Territory's state debt comes to 6 percent of the region's own budget revenue. This is the lowest figure in Siberia and the sixth best result in Russia as a whole. Mr President, will the state authorities support regions that do not get into debt, do not borrow from commercial banks, live according to their means and pursue a balanced financial policy?

Thank you.

**Vladimir Putin:** The Government supports all regions. For donor regions we try to create the conditions they need to remain donors. We help them to develop infrastructure, for example, like in the case of Moscow Region and Moscow. We have done a lot to develop Moscow Region's infrastructure. It is enough to look at the latest developments in the transport sector in Moscow and Moscow Region.

It is the same for other regions too. Take St Petersburg, for example, where the Western High-Speed Diameter motorway has just started operation. This is a ground-breaking new piece of transport infrastructure for the entire north-western part of our country. There are

good examples in other regions too.

As for regional debt, yes, this is a serious issue. Under Government and Finance Ministry rules, a region's debt should not come to more than 50 percent of its own revenue. In this respect, Altai Territory really is in a very good position. This indicates that the regional authorities are carrying out a balanced and highly professional budget policy.

As it happens, only five regions have not kept to this principle, and these regions do need particular support and attention, of course. Overall though, the issue is a serious one. Combined regional debt comes to more than 2 trillion rubles today, though the Government is taking necessary measures to resolve this problem. This year, if I remember well, a little over 380 billion rubles was spent on refinancing these regions' loans, taking their debts away from commercial banks and putting them into Finance Ministry loans instead, which are accorded for long-term periods and at a symbolic one-percent interest rate. This work will continue and we will make the needed resources available for this purpose next year as well.

**Steven Rosenberg:** Steven Rosenberg, BBC News. Thank you. I'd like to ask a question in English. Is that okay?

Mr President, your country has been accused of state-sponsored hacking with the aim of influencing the results of the US presidential election.

And President Obama has hinted very strongly, he thinks that you are behind that. He said that not much happens in Russia without Vladimir Putin.

And President Obama revealed that he told you personally to cut it out. So, what did you tell him in response? And can you confirm that you were warned by Washington not to tamper with America's election, warned in a message via the so-called Red Phone, the crisis line between your two countries?

And finally, just coming back to the point about Donald Trump's tweet yesterday. Are you not concerned there is a danger of a new arms race, if America is talking about boosting its nuclear arsenal? Thank you.

**Vladimir Putin:** The United States paved the way to a new arms race by withdrawing from the Anti-Ballistic Missile Treaty. This is obvious. When one party unilaterally withdrew from the treaty and announced that it would be building a nuclear umbrella for itself, the other party either has to build the same umbrella (which seems unnecessary to us considering the questionable effectiveness of this programme), or develop efficient means of overcoming this missile defence system and improving its own missile strike system, which we are doing successfully. We did not concoct this. We have to respond to this challenge.

Speaking about our progress (and we have advanced significantly), yes, we are progressing, but within the boundaries of our agreements. I would like to emphasise this. We are not breaching any terms, including START III. We abide by all the agreements regarding the number of nuclear delivery vehicles and warheads.

Just recently, US observers came to our nuclear plants and watched how we produce missiles and nuclear devices. Do you all remember that? Instead of maintaining our relations in a similar fashion, the United States withdrew from the Anti-Ballistic Missile Treaty. It was

not we who did it.

Yes, we have made progress in improving our nuclear triad systems, including the means to break through missile defence. This system is currently much more effective than missile defence, it is true. Perhaps this is what is prompting the United States to improve its own nuclear arsenal. Well, this is what they are doing.

Take, for example, the replacement of tactical nuclear weapons based in other countries, including Europe, including your own country, Great Britain. This is happening. I hope that the audience of your programmes and online readers are aware of this. American tactical nuclear weapons are being replaced in Turkey, the UK and the Netherlands. So if anyone is instigating this arms race, it is not us.

But I would like to stress that this is also very important for our domestic consumption, for domestic policy. We will never be dragged into an arms race to spend more than we can afford. I already said in my answers to several questions in the beginning that defence spending amounted to 2.7 percent of the budget in 2011 and 4.7 percent this year but next year we plan 3.3 percent and, eventually, 2.8 percent by 2019. We will maintain this bar because we have already taken some necessary measures to move towards modernisation that must bring us to the point where 70 percent of the armaments will be new and advanced by 2021. Now the advanced weapons amount to almost 50 percent, with around 60 in some segments and 90 percent in the nuclear segment. Therefore, we are satisfied with the current progress. Everything is going according to plan.

As concerns interference and what we discussed with President Obama. You may have noticed that I never speak about the private conversations I have with my colleagues.

First, about the interference. I already responded to one of your fellow journalists from the United States. The defeated party always tries to blame somebody on the outside. They should be looking for these problems closer to home.

Everybody keeps forgetting the most important point. For example, some hackers breached email accounts of the US Democratic Party leadership. Some hackers did that. But, as the President-elect rightly noted, does anyone know who those hackers were? Maybe they came from another country, not Russia. Maybe somebody just did it from their couch or bed. These days, it is very easy to designate a random country as the source of attack while being in a completely different location.

But is this important? I think the most important thing is the information that the hackers revealed to the public. Did they compile or manipulate the data? No, they did not. What is the best proof that the hackers uncovered truthful information? The proof is that after the hackers demonstrated how public opinion had been manipulated within the Democratic Party, against one candidate rather than the other, against candidate Sanders, the Democratic National Committee Chairperson resigned. This means she admitted that the hackers revealed the truth. Instead of apologising to the voters and saying, "Forgive us, our bad, we will never do this again," they started yelling about who was behind the attacks. Is that important?

As concerns my conversation with President Obama, again, it is my rule to never talk about this in public. I am aware that his aide recently made a public statement regarding that conversation with Mr Obama. You can ask my aide, he will answer. Mr Peskov is here.

“Environment”. This is important.

**Sergei Lisovsky:** Mr President, thank you for the opportunity to ask you a question.

I want to wish you a happy New Year and good health. The same goes to all our colleagues in the audience and, in general, everyone in this country.

I have a strategically important question which deals with Russia’s development in the sphere of environment. You declared the year 2017 the Year of Environment. I am aware of it, and I had published in the newspaper the text of your Executive Order on the State Council meeting scheduled for December 27 that will discuss a strategically important topic – Russia’s environmental development for future generations. This is the first time it is being articulated in the ideology at the official level that the environment is for future generations.

Here’s my question: won’t officials fail to live up to the upcoming Year of Environment? As far as I can remember – and I have been publishing the newspaper for 17 years now... Allow me to introduce myself – Sergei Lisovsky, editor-in-chief of the *Society and Environment* newspaper. I have been publishing it in St Petersburg for 17 years now. From my experience I can see that officials failed to live up to the Year of Environment in 2013. I asked you this question during the G20 meeting. You admitted it and said that you will fix it. There’s a transcript on the kremlin.ru website.

**Vladimir Putin:** You got me.

**Sergei Lisovsky:** I have a specific proposal. I have extensive experience in this area. I would like, if possible, to attend the State Council meeting on December 27.

I have a specific proposal and a question. Is it possible to open environmental departments at the embassies of the Russian Federation so that they could articulate Russian domestic policy for external consumption? I believe that the West is no longer concerned about the environment and engages in anything from manipulation, wars, and revolutions around the world, whereas the issue that the West proclaimed in the 1990s – sustainable development – has gone down to something like 105<sup>th</sup> position on the list of their priorities. On the contrary, Russia is taking the environment to the forefront. This is my first point – to open these departments.

My second point is probably very important for Russia’s domestic policy. We need to change the information and environmental policy on our TV toward environmental and patriotic policy. Because you can see just about anything there from all kinds of shows and glamour which destroys young people’s minds. If instead we offer environmental and patriotic broadcasts, they would formulate a holistic outlook on the world, and we wouldn’t have to deal with different consequences, such as corruption or other bad things. That is, people would be healthier. Hence, my question. Thank you.

**Vladimir Putin:** On the one hand, you said that everything failed in 2013. On the other hand, you said that we are doing a lot to protect the environment, and attacked our Western partners a bit because they do little in that regard.

I cannot agree with you that the Western countries, the United States and Europe, are paying less attention to protecting the environment than before. The best evidence of this is

the efforts of the French President to promote the adoption of the Paris agreements on reducing atmospheric emissions. France did an enormous amount of work in this area and not without success. We agreed to limit emissions, and this was a complicated issue. Russia made fairly stringent commitments and I do not doubt that we will comply with them. For the time being it is difficult for me to say to what extent other countries will follow suit. We must still deal with the matter of implementing these agreements. We are ready for this in practical terms. We will have to see what the accords on implementing these agreements will be like technologically, but we will deal with this.

In our domestic policy, environmental protection has obviously been and will remain one of the main components of our entire work. We must leave an environmentally prosperous country to the future generations. I am quite concerned about pollution and huge dumping sites. Quite recently, at the Russian National Front Forum we discussed this in detail. Right now I will not take up too much time of all those present – there are other matters to discuss – but you know that the Government has a definite plan on this issue and we will be working on it all.

Forest conservation is another area. Obviously, we will not be able to do without changes to current regulations. Naturally, we must provide raw materials for the timber industry as well as jobs for the people employed by it. However, we must be equally concerned with forest protection because if we do not do this, if we do not take care of forests and parks in towns and around large cities, we will soon have nothing left at all, because removing forests from these places is the easiest and cheapest thing to do – they have the roads and other infrastructure.

This task requires a very serious, thoughtful approach and analysis involving such organisations as yours and the media. I am very grateful to you – both to you and your colleagues who are engaged in this work. They snoop around forests and are not afraid of axes. Indeed, this work is like combat. I am hoping we will continue this work in cooperation with you. I would like to invite you to attend a meeting of the State Council. Mr Peskov, make a note please.

**Dmitry Peskov:** Yes, will do.

**Vladimir Putin:** The word “Pensions” is written there. It is a very important issue. Please.

**Yulia Izmaylova:** Hello. My name is Yulia Izmaylova, editor with the newspaper Molodoi Leninet, Penza.

My question concerns the categories of people who are allowed to retire early. We hear about a growing number of cases in which these people, including teachers and medical personnel, have to turn to the courts to defend their right for an early retirement. This brings me to my question: has the need emerged for the system of early retirement to be reformed? If possible, can you tell us what pensioners should expect next year?

Thank you.

**Vladimir Putin:** Since you are concerned with this matter, you should know that not long ago, in the 1990s and early 2000s, the size of pensions did not depend on the length of service or the amount of wages. We applied a one-size-fits-all approach, and many people pointed to this, and said that this was unfair.

We have made major changes. What exactly did we change, and what is the basis of the current pension system? It rests on three pillars: the length of service, the size of wages before retirement, and the age at which a person decides to go on pension and formalise his or her pension rights. These are the three elements underlying the new pension system. They will remain unchanged, and we will be guided by these fundamental principles to further improve our pension system.

As for early retirement, it is true that we should pay more attention to and more thoroughly analyse this issue. There are very many groups of people who are allowed to retire early. I will not jump ahead and talk about our plans, but I will tell you that any innovations in this area should be discussed in public and should only be adopted after a thorough analysis. We will proceed very carefully.

As for the near future, I can tell you that early next year, all pensioners, including military retirees and comparable categories, will each receive a one-time payment of 5,000 rubles, irrespective of the size of their pensions, just as we planned. By the way, 5,000 rubles is a bigger sum for many categories of pensioners than the potential indexation of their pensions throughout the year. We have approved sufficient budgetary allocations next year to index retirement pensions to actual inflation in 2016 on February 1. In other words, we will resume operation in compliance with the relevant law. I believe that social pensions will be indexed on April 1.

**Dmitry Peskov:** How about TASS News Agency? The media heavyweights have been left out in the cold so far.

**Veronika Romanenkova:** TASS News Agency, Veronika Romanenkova.

I have a question on Ukraine. The Ukrainian crisis has evolved into a frozen conflict. There is a feeling that the two sides have stopped hearing each other. Where is the way out of this deadlock? There is the Normandy Format. How effective is it? Was there any desire to change anything? Do your meetings with the leaders of Germany, France and Ukraine help resolve anything? By the way, what do you think about the prospects for visa-free travel between Ukraine and the European Union?

**Vladimir Putin:** Thank you.

Another colleague has a poster with 'Ukraine' written on it. Please, ask your question too, and I will try and answer them all at once.

**Dmitry Peskov:** By the way, this is a journalist from Ukraine who has been working in Moscow for a long time.

**Remark:** Thank you.

**Vladimir Putin:** You're welcome.

**Question:** I am not sure that you will be able to combine the two questions.

Mr Putin, in recent years your country under your leadership has caught so many Ukrainian citizens that even world-famous film directors are asking you to free a Ukrainian director. As a Ukrainian reporter, I would like to ask you to grant clemency and release Ukrinform reporter Roman Suschenko, since cases brought against Ukrainian nationals seem to have



a political agenda. Under the torture that Crimean commandos Zakhtey and Panov had experienced anyone, including me and even you, would admit to being a Ukrainian spy.

I would like to ask you a specific question. You have said on a number of occasions that you felt compelled to protect the Russian-speaking population in Crimea and Donbass. Last year you said that it was never a secret that you had sent people to Donbass to deal with military matters. Could you clarify where this is mentioned in the Minsk Agreements, and do you understand that if you retire someday, Ukrainians will still view Russians as occupiers.

Thank you.

**Vladimir Putin:** It would be good to begin by making sure that the Ukrainian army is not viewed as an occupying force in Donbass, which is Ukrainian territory. This is what matters. This is my first point.

Secondly, as for freeing people. We are doing all we can to release people detained by both sides. The fuller this exchange will be, the better.

There was a time when President Poroshenko proposed exchanging 'everyone for everyone.' I fully support this approach. It later turned out that there are some details in this 'everyone for everyone' formula that do not suit all of Donbass representatives. What are these details? In fact, Ukrainian authorities consider the detention of people in Donbass to be illegal. At the same time, there are many people imprisoned in Ukraine whom the Ukrainian authorities consider to be lawfully convicted, and refuse to put them on the exchange lists. This is the crux of the problem. If we are to have this exchange, there should be a decision to pardon these people and free them all. Otherwise, it would be very hard to agree on anything.

On the subject of directors and journalists, the latter should do journalism and the former make shows and films.

Regarding the detained Ukrainian military service personnel and military intelligence officers, no one tortured or beat them. It is easy enough to check the confessions they have made. It should be no difficulty for the media to check whether they are military intelligence officers or not. They have given full details, not just their names and registration information, but the names of their units, commanders, the units they served in, the missions given them, and their addresses and meeting places on Russian soil, including in Crimea. They have given all this information. This provides a whole range of information and the different elements confirm each other. This all has to stop. If the political will can be found to do this, it will be easier to resolve the other issues.

Coming back to journalists and movie directors, of course no one wants to detain journalists if they are simply carrying out their professional duties. But what are we to do with a film director if he is preparing to commit terrorist attacks, and this was proven in court? Are we to let him go simply because he is a movie director? But how does he differ from a career military intelligence officer planning to do the same thing? If we let a film director go today, will we have to let go career intelligence officers preparing terrorist attacks tomorrow? What difference is there between them in this particular case? Do we let one go today and have others come tomorrow? We need to agree that all of this must stop, and only then can we start considering amnesties. I don't have anything against this idea.

I didn't answer the question from TASS.

You were certainly right. It is hard to combine questions.

*(Addressing Veronika Romanenkova)* What was it there? The Minsk agreements, the Normandy format, and what else?

**Veronika Romanenkova:** Your opinion on the possibility of introducing visa-free travel between Ukraine and the European Union.

**Vladimir Putin:** The Normandy format has indeed not proven especially effective. It remains only to regret this lack of real effect. But this is the only mechanism we have at present and I personally think that work in this format should continue. If we abandon this instrument, the situation would worsen quite rapidly, and we would not want this to happen.

As for visa-free travel to Europe for Ukrainian citizens, I fully support it. Moreover, I think visas in Europe are a Cold War anachronism, and need to be abolished as quickly as possible. So if Ukraine, Ukrainian citizens are allowed to travel to Europe visa-free, I think it would be a step in the right direction. But as far as I know, we are only talking visas that do not give the right to work. So the question is, will the inflow of Ukrainian workers increase anyway? It certainly will. In Russia, according to preliminary data alone, there are 3 million Ukrainians. If they can go to Europe without a visa and earn a little more, people will certainly try to move there, even from Russia, let alone from Ukraine. This will put a serious burden on the labour market in Europe.

On the other hand, there might be negative implications for Ukraine as well. Without the right to work, Ukrainians coming to work in Europe will find themselves in a very humiliating position. This means that they will have to work illegally, that is, they will arrive, say, for three months under the visa-free agreement, then go back to Ukraine, check in and go back immediately. This means that they will work illegally. This means that they will not enjoy social protection or any protection, for that matter. They will be subjected to serious exploitation. And that is bad. Therefore, if they allow visa-free entry, they need to give work permits as well.

**Fuad Safarov:** Fuad Safarov, Sputnik news agency, Turkish office.

Mr Putin, for the first time, Russia and Turkey have succeeded in resolving a major important issue with Syria without involving the West. I am referring to Aleppo. So, Russia and Turkey have such potential. But will Ankara and Moscow be able use this potential in the future? Will Iran, Russia and Turkey withstand the insidious games in the Middle East? This new triangle, this alliance - will it be able to play a key role in settling the Syrian conflict?

Allow me to ask a second question. You and Mr Erdogan reached an agreement on Syria in October 2015, but it was an informal agreement. Then a Russian plane was shot down. In June, relations began to normalise. That was followed by a coup attempt. Today, Russia and Turkey have begun to collaborate on a settlement in Aleppo, but the Russian Ambassador was murdered in Ankara. Do not you think this is a coincidence?

Thank you.

**Vladimir Putin:** Let us start with the final part of your question, with the tragedy that

happened recently, I mean the murder of our ambassador. I think primarily, that was certainly an attempt to compromise Russia, to compromise Russian-Turkish relations. No doubt about that.

You know, I will be straight with you. I was sceptical about the idea that our aircraft was downed without the order of the Turkey's top leadership but by people who wanted to harm Russian-Turkish relations. But now after the gun attack on the ambassador, which was committed by a riot police officer, I am beginning to change my mind. Now it seems to me that anything is possible. And the infiltration of Turkey's government agencies, including law-enforcement and the army, by destructive elements is certainly deep. Right now I am not at liberty to point fingers elsewhere and accuse someone of something, but we see that this is a fact, this is taking place.

Will it obstruct the development of Russian-Turkish relations? No, it will not, because we understand the importance and role of Russian-Turkish relations and will do everything to develop them with due account of Turkish interests and, no less important, Russian interests. During the past year, or to be more precise, after the normalisation, we managed to find compromise. I hope we will be equally successful at finding compromise in the future, too.

Now a few words about Aleppo. Indeed, the President of Turkey and the President and all leaders of Iran in general played a very large role in resolving the situation around Aleppo. This involved exchanges and unblocking several areas with a Shiite majority. Perhaps this will sound immodest but this would have been simply impossible without our participation, without Russia's participation.

So, all this cooperation in the trilateral format definitely played a very important role in resolving problems around Aleppo. Indicatively, and this is extremely important, especially at the last stage, this was achieved without military action, as the Defence Minister just reported to me about this work at the final stage. We simply organised and carried out the evacuation of tens of thousands of people, and not only radical armed groups and their representatives but also women and children. I am referring to the over 100,000 people who were evacuated from Aleppo. Thousands were moved out of other residential areas in exchange for this withdrawal from Aleppo.

This is the biggest - and I want to emphasise this for all to hear - the biggest international humanitarian action in the modern world. It could not have been carried out without the active efforts of the Turkish leadership, the Turkish President, the President of Iran and all other Iranian leaders, and without our active participation. Needless to say, this would not have been achieved without the goodwill and efforts of Mr Assad, the President of the Syrian Arab Republic, and his staff. So, experience shows that there is a need for this format and we will, of course, develop it.

I would not disregard the interests and the involvement of other countries in the region, such as Jordan, Saudi Arabia, and, of course, Egypt. Undoubtedly, it would also be wrong to approach issues of this kind without a global player such as the United States, so we are willing to work with everyone.

The next step, while we are at it, should be an agreement on a ceasefire throughout Syria, immediately followed by practical talks on political reconciliation. We suggested Astana, Kazakhstan, as a neutral territory, and the President of Turkey agreed. The President of Iran

also agreed as did President Assad. President Nazarbayev has kindly agreed to provide this venue. I very much hope that we will manage to put it on a practical footing.

Channel One, please.

**Anton Vernitsky:** This has become a tradition: I tried three times during the previous news conference as well

Mr Putin, Anton Vernitsky, Channel One. I have a question about the internal situation in Russia, namely, taxes and fees.

There are taxes, such as income tax and real estate tax, which have been gradually increasing over the past five years and will reach their peak at some point – they increase by increments of 20 percent.

However, in addition to taxes which we all pay regularly, there are fees that are very similar to taxes, but are not. For example, fees for the capital repair of buildings. On the face of it, healthcare services look free, but some of the services are provided for a fee. Education, kids go to school for free, but some additional education is also provided for a fee. Take parking, for instance. Vehicle owners have probably gotten used to paid parking in downtown Moscow, but paid parking is already coming to suburban commuter areas.

Are you aware of what is happening in this area? Should we be expecting more surprises here? Thank you.

**Vladimir Putin:** You know, you need to distinguish between taxes and non-tax fees. Taxes are made up of three components: personal income tax, vehicle tax and property tax, which are still the world's lowest.

Let us begin with the 13-percent personal income tax. Of course, you are aware that when we introduced the flat rate of 13 percent in 2001, there were lots of doubts. I, too, had many doubts. I was concerned that the budget would lose revenue, because those who earn more would pay less, and whether there would be social justice, and so on.

I have already mentioned it several times, but, as I see, I should say it again. The outcome of introducing a flat 13-percent personal income tax was that personal income tax collection has increased by a factor of seven. Those funds go to the treasury and are then distributed to address social issues – this is what social justice is all about.

Can a differentiated individual income tax system be introduced? It can. Maybe that will be done one day, but right now I do not think it would be sensible. Because as soon as we do this, the first step would be followed by the second, third and fifth, we would get entangled in this differentiation and in the end this would lead to tax evasion, and budget revenues would decline.

Regarding social justice, it can be achieved by other means, without changing the flat tax system. How? Such decisions have already been taken. This applies, for example, to raising the tax on expensive transport vehicles. This has already been done, and the system can be fine-tuned. Raising the tax on expensive property. That has also been done, and the system can also be fine-tuned, and so on.

Now the second component: non-tax levies. Do I know how that happens? Of course I do. Do

I know the intricate details of how this works? Of course not. But is this even possible? You see, this is not a tax system. These are tariffs and levies that are set either at the level of municipalities, of which there are thousands, or at the level of federal entities: it is very difficult to keep track of everything there. This is a problem – now I will talk about how we plan to deal with it – because the burden is really growing.

How should this problem be addressed? In any event, it is necessary to see what is happening in this area. To this end, the Government has received its instructions, and next year, I believe by June, what is known as a registry of non-tax levies will be created so that we can have a clear understanding of what is going on in the country, in the regions and municipalities with respect to this burden, and regulation will be exercised accordingly.

Regarding regulation at the federal level, let me remind you that we have frozen tariffs. We proceed based on the idea that, say, a derivative of energy and heating tariffs will be reflected accordingly in housing maintenance and utilities rates, which is extremely important.

However, the main method of controlling tariffs in this area is to reduce inflation, and as I said at the beginning of our conversation today, last year it was 12.9 percent and this year it will be the lowest on record in the entire modern history of Russia. If we maintain our efforts to bring it down and, for example, reach a level of four percent, that will significantly stabilise the tariff situation.

Mr Peskov, take a look, you have a better view – you sit higher up. As the Chinese say, “he who sits higher sees further,” and they are right.

**Dmitry Peskov:** Perhaps we should hear the Kuzbass miners?

**Andrei Zheltukhin:** Good afternoon Mr President. My name is Andrei Zheltukhin and I represent the news site 142, which is part of the holding company Kuznetsky Alyans. I have questions on two issues of concern to our region’s people.

Firstly, the M-53 Baikal federal highway crosses the centre of Kemerovo and this creates big problems in the form of traffic jams, accidents, road wear, and exhaust fumes. Kemerovo is probably the only city beyond the Urals that does not have a bypass road. Our company’s founder and long-serving director, Mikhail Shkuropatsky, is even ready to take the initiative and collect money to build a bypass road, but this will obviously not be enough. My question is, can the federal authorities do something to help resolve this problem?

My second question deals with the coal sector’s development, a subject of concern to me, of course. It is believed today that coal is a polluting fuel that damages the environment and should therefore be abandoned, but no one wants to hear about the new technologies that exist, and yet today’s modern coal power plants have technologies that capture all harmful emissions. What is your view on the future of Kuzbass and Russian coal? Thank you.

**Vladimir Putin:** First, concerning infrastructure development. In this case, the issue covers many different areas, infrastructure development itself, and resolving environmental issues. We always support projects of this kind. If someone is ready to co-finance these projects, let me assure you that we will do everything possible to support them at the federal and regional levels. We will definitely examine the proposals that come in from the regions and will do all we can to ensure these projects go ahead, all the more so in a region like

Kuzbass, where we know there is a serious burden on the environment. This is my first point.

Second, as for coal and its future as a primary source of energy, there is much talk about the need for a transition to alternative energy. By the way, Russia is moving in this direction, including hydrogen fuel, wind and solar power. We are working on all these issues. I have recently visited a RUSNANO company where this cutting-edge forward-looking technology is used.

At the same time, I would like to draw your attention to the fact that the European Commission, for example, has decided to scale back subsidies in these areas. Why? Because it is very expensive. Of course, these technologies should be improved. But for now they are quite costly, and they are surely less efficient compared to traditional energy sources. Here is what I would like coal miners, as well as other colleagues, to hear: today more coal is used across the world than oil and gas combined. Well, maybe not necessarily oil and gas combined, but it is certainly ahead of natural gas, and maybe even oil and gas combined. This goes to show that coal remains a key element in the global energy mix.

You were right to say that the latest technology should be used in order to make coal more eco-friendly. I know that Kuzbass is acting along these lines. Many industrial companies across the world and in Russia implement high-technology processing methods to create new products, including coal dust that can be used in the wider energy industry. I am confident that if we move in this direction Kuzbass and coal miners elsewhere will have a bright future and a lot of work. Of course, this is related to the overall economic development in Russia and beyond, including the metals industry.

Unfortunately, the metals industry has somewhat contracted both globally and in Russia, and there are some challenges that need to be addressed. However, I am confident that it has a future.

**Dmitry Peskov:** RIA Novosti, regarding oil.

**Yelena Glushakova:** As a follow-up to my colleague's question. Yelena Glushakova, RIA Novosti.

I have a question about oil. What will happen with it? What do you think will happen to oil prices? The current price is \$40-\$50 per barrel. Is that enough for the Russian economy? Will the Russian budget cope with reduced oil production, which we agreed to as part of our agreement with OPEC? What price of oil, do you think, is the best for the Russian economy?

**Vladimir Putin:** Today, as far as I know, Brent is selling not at \$45, but \$55, I checked this morning. I have already mentioned that we are drafting a budget based on conservative estimates of \$40 per barrel. If you go back to the first questions of today's agenda, as the bureaucrats say, then I can tell you that we got the results that we did due to the fact that the real situation was worse than our forecasts, because we drafted the 2016 budget based on oil prices of \$50 per barrel, but it ended up being \$40. Despite that, both the GDP trends and inflation have changed, and we have kept our reserves. So, this is a significant factor in the overall analysis of developments in our economy. The global economy is worse off, but our performance is better. This means that the economy has adapted and will continue to grow.



Now, about the prices and their impact on us. No one can say for sure, this is a complex issue which depends on many variables, and predicting them is almost impossible. Our Ministry of Energy has already provided its forecasts. We believe that the excess oil will leave the market in the second half of 2017, and oil prices will stabilise. We hope they will stabilise at their current levels.

Now, with regard to how our economy will respond to a decline in oil production, I can say that we took this step deliberately. We have a relatively high "production shelf" as of the end of this year. The decline in production, which we have committed to, stands at 300,000 barrels per day for the period from January to June. This will be a smooth reduction, which will have almost no effect on the overall production volumes, which is absolutely acceptable for us. However, we expect that this will lead to an increase in oil prices, which has already happened.

If this state of affairs remains unchanged, how will it affect the budget and our companies? The \$10 difference in oil prices would mean additional budget revenue of 1.75 trillion rubles. For oil companies, despite declining production, the difference of \$10 in oil prices will provide an additional income of 750 billion rubles. That is, everyone will win in the end. This is the first such OPEC decision over the past eight years, I believe.

Of course, this result would not have been possible without our good will to work in conjunction with OPEC. We will continue to cooperate with OPEC, meaning we will meet our obligations. However, we are not OPEC members, and while we maintain contacts with them, we, as we meet our obligations, are free from any other commitments until we achieve common results. So far the results are evident, we are striving to achieve them. We believe that such cooperation is beneficial both for the countries that are not members of the cartel, and for OPEC itself.

**Marat Sagadatov:** Hello, Mr President.

Marat Sagadatov, editor-in-chief of newspaper Za Suverenitet Rossii [For Russia's Sovereignty], Ufa.

Let me start by thanking you on behalf of our readers for all you are doing to strengthen our defence capability and for the fight you are leading to restore and bolster our country's sovereignty. We hear you very clearly, and when you say that some might wish to live in a state of semi-occupation, we certainly do not, and we do not want a weak government controlled from abroad, - we agree with you completely.

As we see it, our country has internal issues that we could describe as follows. Of late, the media have started making frequent use of the word 'war' in combination with various qualifiers - cold war, hybrid war, information war. But the word 'war' remains the main word here. In a war situation, our people, who have a good genetic memory, always recall our history and the past wars we fought and always won, even if we encountered losses and setbacks on the way. Our memories return us to more recent history - to the Great Patriotic War.

Comparing that time with today's situation, the following question arises. Our economy, industry, ministries and agencies often follow the rules laid down by international organisations and are managed by consulting companies. Even our defence enterprises have foreign consulting firms auditing them. You raised the issue of NPOs (non-profit

organisations) at one point, and we went on to learn of foreign influence and foreign agents. But the consulting issue has not been addressed.

Our readers ask if it is not time to do some import replacement in this area too, and is it not up to us to decide what development course to take and what we need to do? These issues concern not just the economy but, regrettably, spill over into the ideological sphere, too. There are a great many issues in this area. In other words, the stream of imports that came flooding into our country brought with it numerous problems, which have already been mentioned today, and we saw our traditional values getting trampled underfoot. We think there is a need for some 'import replacement' in this area, too.

Given that this issue has become ever more urgent of late, I would like to know if any measures are planned in this area?

Thank you.

**Vladimir Putin:** You are talking now about economic sovereignty – an extremely important issue.

As for patriotic sentiments – you are from Ufa, aren't you? – we know well the sentiments in Bashkiria. It has always been this way by tradition in Bashkortostan, even in olden times. Let me recall that during the 1812 Patriotic War, Bashkiria armed, mounted on horses and sent to the front its entire male population starting from age 16. It did the same in the Great Patriotic War of 1941-1945. We should certainly be proud of this and support this.

As for economic self-sufficiency, as I have already said, this concerns not only import substitution but also the independence of our financial system, bank cards, interbank settlements, and so on. There were many elements that we considered immutable and immune to potential political differences.

However, it turned out that this was not the case and that we were simply cheated: when it was necessary to exert political pressure, they instantly started using economic levers. Therefore, we should bear this in mind, especially when it comes to our defences.

As for consulting and various rating agencies, which is no less important, we should, of course, think it over. This is a complicated issue. It is abundantly clear that we should establish our national rating agency and develop our own consulting service. We are doing this and the only problem is that these structures must be absolutely transparent and absolutely accepted by the business community. Otherwise their activities would be pointless.

If we remove all our partners from the market without creating similar structures that enjoy the respect and recognition of our businesses and international business, our entrepreneurs will sustain certain losses. This is the case, because everything that will be brought to grass, as miners put it, all information released by our domestic companies will not be considered by potential investors, if these companies are not recognised worldwide. This is a bad story, as this may lead to a cut-down on investment, and not only foreign investment but our own investment as well.

However, we do need to move forward and enhance our sovereignty in this area, and we will certainly work on this.

Let us give the floor to the Poles. This will probably be about the difficulties and tragedies of the past, referring to the airplane [crash]. What would you like to know?

**Andrzej Zaucha:** Good afternoon.

Andrzej Zaucha, TVN, Poland. Indeed, two years ago I asked you here in this hall about the plane wreckage. You said you would talk to the Investigative Committee. Here is what I would like to know: How did they respond? We know that they responded and that the investigation is continuing. However, unfortunately, seven years have already passed since the tragedy. Perhaps all studies and examinations have been completed and so only a political decision is needed to hand over the wreckage. Maybe that should be considered? Of course, this is entirely in your hands.

And another point. Recently it has often been said that Poland is moving away from the European Union. There are similar trends in other European countries. From your perspective, is a weak Europe more convenient, more beneficial for Russia? Is Russia using all these disagreements, conflicts and problems within the European Union to its own advantage or is that not the case?

**Vladimir Putin:** I will begin with the first question. Indeed, the Investigative Committee is conducting an investigation and until it is over they need the plane wreckage. This is the first point.

Second, regarding the essence of the matter. Listen, all the speculation on this issue needs to stop. A terrible tragedy happened. I personally read [the transcript of] the conversation between the pilot and the man from the late president's security who had entered the cockpit. I personally read that transcript. The man who entered the cockpit (I do not remember his name but his name is known) demands to land. The pilot says: "I can't. It is impossible to land." To which the man from the presidential entourage who entered the cockpit says: "I can't report this to the boss. Do all you can. Land."

Listen, everything is clear. What is there to speculate on? This is a terrible tragedy. We have done our best to investigate it. This should not be used to aggravate interstate relations – that is all. Everything is clear. If there is something that is not clear, let investigative agencies deal with that.

Now regarding the weaknesses and strengths of Europe, what that means and what our position is. No doubt, we want to have a reliable, strong and – this is not unimportant – independent partner. If, in dealing with matters related to building our relations, the relations between Europe and Russia, we have to turn to third countries or to a third country, then it is not interesting for us to talk with Europe as such.

A recent European politician said that all European countries are small states, but not everyone has realised it yet. By the way, I disagree with that, because there are great powers in Europe. I will not enumerate them now for fear of failing to mention any. We treat them accordingly. How Europe should build relations internally is none of our business.

There are two positions, and you know this better than I do: a Europe of sovereignties, a Europe of independent states with a small common superstructure or quasi-federative state. Today, the number of binding decisions on EU member countries, decisions passed by the European Parliament, is more than the number of decisions passed by the USSR

Supreme Soviet that were mandatory for the Soviet republics. This is a fairly high degree of centralisation. Whether or not it benefits Europe, I do not know, it is for them to decide, not us.

The fact that there are differences over migration or some other things, that too is up to the Europeans to tackle. Of course, those European countries that oppose the current migration policy are concerned over the degree of their participation in decision making. They do not like it when someone at the top imposes solutions they consider unacceptable for themselves. It is not with us that such countries as Poland or Hungary should discuss those issues, and they are not doing that of course, they are discussing them with Brussels, with European capitals.

But no matter how relations inside Europe take shape, we are interested in developing relations with Europe and we will strive to do that. Naturally, we would like Europe to speak in one voice so that it could be a partner that one could talk to – that is what really matters to us. But if that is not the case, we will look for opportunities to talk at the national level of individual states, with each of our partners in Europe. Although that is what actually happens now: we solve some issues with the European Commission and others at the national level with individual European countries. On the whole, it suits us. The internal structure of Europe is not our problem.

**Ilona Linart:** Good afternoon. Ilona Linart, Interstate Television and Radio Company Mir. Thank you very much for your time.

Since Mir is a channel of all CIS countries, the Eurasian Economic Union is a very relevant issue for us. And here we find a paradox: while being beneficial for some of the participating countries, it is not beneficial for others.

For example, Armenia has managed to increase its agricultural exports. In Kyrgyzstan, the situation is the opposite, where the majority of farmers have gone bankrupt. How would you comment on this phenomenon?

And one more additional question for you, back to Russia this time. You probably remember the Khabarovsk animal snuff scandal that occurred in autumn and shocked the whole country. In Russia, we have a human rights ombudsman, an ombudsman for children's rights, and an ombudsman for entrepreneurs' rights. Perhaps we should start thinking about creating the post of a commissioner for animal rights and draft the legal framework? Thank you.

**Vladimir Putin:** About animal rights – it sounds nice indeed, but dog owners, any pet owners – they do have rights. As for humanitarian issues such as the humane treatment of animals, these fall into a different regulatory domain, although it should certainly be improved.

You know, there have been suggestions about toughening some of the legislation and the general regulatory framework. I would support them, given that everything is within reasonable limits, but regulation is certainly necessary.

Now the first part of your question. In my opinion, what we are doing in terms of integration across these states should benefit all the EAEU member countries. With Kyrgyzstan, that country has certain difficulties primarily stemming from its relations with Kazakhstan

and Russia in the field of phytosanitary standards, that is the problem. But in general, the sales of Kyrgyz goods in Russia have increased. The same is happening with Belarusian products in Russia, where retail volumes have increased greatly; I will not cite specific industries now, but I have seen dramatic growth, by very large percentages. Therefore, it is an extremely important, necessary and useful process for all the countries participating in this alliance.

In agriculture, indeed, there is a problem with adhering to phytosanitary requirements. There are yet unresolved issues on how this work is organised in Kyrgyzstan. For our part, we are assisting our friends in Kyrgyzstan in creating a modern system of phytosanitary supervision.

We also expect our Kazakh partners and friends to provide some help and support to Kyrgyzstan, including financial, administrative and professional support, so that Kyrgyzstan would set up a similar health surveillance system, while we would avoid importing untested or dangerous products. There is a debate going on, but there are solutions to the problem, and moreover, this can be done fairly quickly.

**Dmitry Peskov:** Perhaps we could take a question from TV channel RT, which the West accuses of every mortal sin? Russia Today.

**Ilya Petrenko:** Thank you very much.

Good afternoon, Mr President.

I would like to ask about democracy in the context of the recent election in the United States. American politicians, perhaps more than any others, love to talk about democracy. They say democracy is what makes the American people exceptional. Sometimes they say that some countries lack democracy, and they then have to share their democracy with these countries. But after this election, these same people who proudly bore the banner of 'American democracy', suddenly started saying that they have been betrayed after the result of a democratic election in their own country.

What is happening? What has gone wrong with democracy? In general, is democracy a good thing?

If you permit, I have one more brief question on an issue of concern to me personally on the human level. As you know, Oksana Sevastidi was recently sentenced to 7 years in prison for state treason. Don't you think this too harsh a punishment for the SMS this woman wrote when she saw a train carrying military equipment heading for Abkhazia?

Thank you.

**Vladimir Putin:** Regarding the court decision, it is hard for me to comment because the courts are an independent branch of power here in Russia, as in all other civilised countries. But I think this really is a rather harsh approach. To be honest, I do not know the details. If she wrote something in her SMS messages, if she just wrote what she saw and everyone else could see it too, then we are hardly talking of any real secret here.

To be honest, I am not familiar with this whole case, but I will try to take a look at it and examine the claims the court ultimately supported against her.

As for the subject of democracy, yes, there are problems. This is something we have long been saying, but our American partners always dismissed it. The problem lies above all in the United States' archaic electoral system. The two-stage election (not through direct secret ballot) of first the electors and then the electors electing the president. And then it is organised in such a way that some of the states retain preferences.

You would have to ask the American lawmakers why the system is as it is. Perhaps it was done deliberately so as to let people in particular states keep hold of their privileges. This is the American people's own affair, however, and not our business.

But it is very clear that the party which calls itself Democratic and will remain in power until January 20, I think, has forgotten the original meaning of its name. This is particularly so if you look at the absolutely shameless way they used administrative resources in their favour, and the calls to not accept the voters' decision and appeals to the electors. As I already said, this is not a good thing. But I hope that once the electoral passions have died down, America, which is a great country, will draw the needed conclusions and keep them in mind for future elections.

Mr Peskov, let's switch to chess. What's going on with chess? We should clear the air a bit.

**Denis Polyakov:** Thank you for an opportunity to ask a question. My name is Denis Polyakov. I am from the Perm Region, city of Kungur, Iskra newspaper.

In November, all Russians cheered Sergei Karyakin who made a good showing in the match for the world chess championship with Norway's Magnus Carlsen, the current world champion. In one of his interviews after the match, Karyakin expressed the hope that there will be the same kind of attention and support for chess not only at major sporting events but day to day, that chess for children and young people will be supported and the White Rook tournament will get a boost.

I would like to ask the following question. There is basically no support for chess in our Kama Region, or Kungur for that matter. We have a very good chess coach Alexander Letov but when he offers to run chess clubs in schools, he is told there are other extracurricular priorities: fine arts, dancing and the like. And probably there are coaches like Letov in other places.

So my question is: Mr President, how will we promote chess in the foreseeable future? Will chess as an extracurricular activity be given the green light? Thank you very much.

**Vladimir Putin:** To begin with, I do not think I have the right to interfere in the decisions of municipal and even regional authorities on what should be added or removed from the school programme. This is a very sensitive issue: do they need chess or not during school hours or even after school? Such issues should be resolved at the local level and they often fall within the competence of schools themselves, not municipalities.

That said, we should take pride in the Russian school of chess. We know all about Russia's outstanding chess players, such as Alekhine and our current outstanding players. We are proud of our chess players and our chess school. You know, we have established a special chess section at the Sirius centre for gifted children in Sochi, where chess classes are organised at the proper level. Naturally, this is not enough. We must promote chess throughout the country. I am hoping that the local government in Perm will also pay



attention to chess and will support the coach you mentioned and all chess lovers.

As for Karyakin, he really did a great job, excellent. Magnus is a very good, outstanding chess grandmaster. Our player honourably represented Russia, our chess school. He is a fighter and I am sure victories await him in the future.

**Nikolai Dolgachev:** Nikolai Dolgachev, the Kaliningrad TV company, a branch of the VGTRK.

I am also a member of the public council for the construction of the bridge in Crimea. I would like to take up a point made by my colleague who asked the question and called it the Kerch Bridge. The fact is that we do not have an official name yet. It is called Crimea Bridge. We have the Crimea Bridge information centre. It is also called the Kerch Bridge, the Russian Bridge and the Crimea Is Ours Bridge. There are a lot of names. So here is my first question: Which of these names do you prefer and what name would you propose?

And another important point. The bridge will be built in the foreseeable future, rather quickly. What will the next super-project be? Maybe something in Kaliningrad?

Thank you.

**Vladimir Putin:** Regarding the name of the bridge, as I said, whatever people call it, that will be the name. A poll, a referendum may even be held. What is important is that there is a bridge. As to what it is called, this is important but still only a secondary matter. If some name has caught on – say, the Kerch Bridge – let it be that.

Kaliningrad has its own priorities to deal with. One is the issue of energy independence, energy self-sufficiency. It is a very important matter, related to building our relations with, among others, the European Union. The European Union has taken a decision that the Baltic countries should be part of their integrated energy system. This creates problems for energy supplies to Kaliningrad and requires additional financial resources from us in order to build a new energy ring and include Kaliningrad into that ring.

Frankly, I do not understand why this is being done, considering that there are no problems with energy supplies to the Baltic countries. Everything is working, and working well. Our European partners keep telling us that we need to forge closer ties and search for areas where we could draw closer together, but here, on the contrary, without any apparent reason, they are disrupting relations – in this case, in the highly sensitive and important energy sphere.

Nevertheless, we will resolve the problem of stable and independent energy supply to Kaliningrad. As you know, there are plans to deliver liquefied natural gas and build corresponding power stations. The use of Russian-built small nuclear power plants is not ruled out. This is a key issue with regard to Kaliningrad's development and the creation of a power base for economic growth.

The second issue concerns road construction and infrastructure more broadly. There are many problems there to be addressed.

I have named two of them, and there are more. The most important thing we should guarantee is full use of the potential of Kaliningrad, which is the closest of our cities to our European partners, lest it fall out of the general economic context concerning the city's

economic preferences – I mean its recent free zone status, now replaced with support from the federal budget. All this should be synchronised so that Kaliningrad develops on a natural basis without undermining industrial production and the tackling of social issues.

For that matter, concerning Crimea. Energy supply is one of its problems. I would like to inform you that Chernomorneftegaz has finished work to link the Crimean gas pipeline network with the Russian Federation’s gas mainlines. In two or three days, we will announce that the job is complete and Russian gas supplies to Crimea have begun.

This means that even now, with peak loads, especially in winter, Crimea consumes 1,200–1,300 megawatts, of which 800 megawatts were formerly supplied by Ukraine. Presently, Crimea produces approximately 1,000–1,100 megawatts. Together with mobile power plants we have supplied, total output is slightly below 1,300 megawatts. After gas comes – and, I repeat, it will come within the next two or three days, huge amounts of Russian gas – the construction of two power plants will begin in Crimea, each 470 megawatts. This means that total production will approach 2,000 megawatts – 1,900–1,950, to be precise. If peak consumption is 1,100–1,200 megawatts, we see that approximately 800 megawatts will constitute a reserve for Crimea’s economic development. It is a considerable amount for the development of the economy, industry, agriculture, recreation and tourism, that is, hotel construction, upgrading infrastructure, and so on. This is a significant event for Crimea. I hope we will make its people happy quite soon.

**Dmitry Peskov:** Caucasus Today, go ahead, please.

**Armine Ayrapetyan:** Good afternoon, Mr President. Armine Ayrapetyan from Caucasus Today, Pyatigorsk, North-Caucasus Federal District.

Today, the global community is fighting terrorism, and particularly the international terrorist organisation whose members call themselves the “Islamic State.” Sadly, many in Russia use this name, primarily in mass media; but we all are aware that terrorism has nothing to do with Islam or with statehood. Do you think it would be right and logical to prohibit using the name “Islamic State,” at least in the mass media?

Thank you.

**Vladimir Putin:** What media outlet do you represent, again?

**Armine Ayrapetyan:** Caucasus Today.

**Vladimir Putin:** Caucasus Today. Can you be prohibited from doing anything? I think this is a blind alley. Although I think the words “Islam” and “terror” really should not be used together unreasonably. You’re right about this.

**Armine Ayrapetyan:** Thank you.

**Vladimir Putin:** Here’s Yamal – let’s not neglect our northerners.

**Liliya Gorokhova:** Good afternoon.

Liliya Gorokhova, Sever-Press, Salekhard, Yamal.

Mr President, you have repeatedly visited Yamal and launched many projects there. Let’s be

honest: Yamal is going to be a major driver of Russia's economy for a long time to come. We have many projects, but our region is desperately lacking roads. There is a project that has long since been prepared for constructing the Northern Latitudinal Railway, and an agreement was signed with Russian Railways. Here's my question to you as to the best-informed person: When do we start construction?

And another question, if I may. Currently, work is underway to withdraw taxes paid by donor regions in favour of less prosperous territories. Of course, help is a good thing, we all understand this, and dependency is bad. In your opinion, should this support be provided on a permanent basis, or just temporarily?

**Vladimir Putin:** You have just mentioned the necessity to implement the Northern Latitudinal Railway project. Do you think you can do it on your own? No, you can't. This means you need help as well, right? That is why the practice of "levelling incomes of different regions," implemented by the Finance Ministry, is the right one. And if any of the regions receives surplus profit thanks to the natural resources available in this region, we should remember that these are national resources. All citizens of Russia, regardless of the region they reside in, must have equal rights, and this can be done only through adequate revenues in the regional budgets. Currently, the redistribution of incomes is necessary to boost development.

But you're right in saying that this shouldn't lead to dependency. We should encourage the regions to expand their own sources of profit. I won't go into much detail, there's a lot to be said on that score. But this has to be done - and again, we are making efforts and will continue working on this.

As regards the project that you have mentioned and the question that you have asked - when this will be implemented: this will be implemented as soon as it is recognised that this is economically expedient, when it becomes clear that this project will generate profit. On the whole, we are very close to implementing it. This is a good and much-needed project for our country's economy as it will diversify our transport system, ease the load on the Trans-Siberian Railway and make it possible to load at a Yamal port which is currently under construction, the Sabetta port. Many opportunities are opening up.

The port is, on the whole, already functioning. One of the largest enterprises will be established there now. The project is effectively developing. I mean Yamal LNG. It is probably one of the largest such projects in the world today. It is amazing how NOVATEK with its European and Chinese partners, and there are still more partners, including the Japanese, has managed, under such conditions and within such a short time, to push forward the implementation of such a large-scale plan. I am happy for them and hope that they will complete everything, despite all problems that some are trying to cause them. Why? It is hard to understand. I hope that common sense will prevail and those problems will disappear. Yet, it is already clear to me now that the project will be implemented.

As major industrial projects take shape, the need for infrastructure support will increase. I am convinced that we will get down to that too. And frankly, the sooner, the better.

Let us hear from the Middle East. This young man is so finely dressed it is impossible to pass him over.

**Question:** Good afternoon, esteemed Mr President. I am Khashavi Mukhammad from TV

channel Kurdistan 24.

I have the following question. As you know, the Kurds have played a big part in fighting international terrorism, and Russia today plays a major and important role in the world, particularly in the Middle East. What is Russia's position regarding the fact that the Kurds of Iraqi Kurdistan have already set out on the road to independence?

Thank you.

**Vladimir Putin:** Russia has always had good special relations with the Kurdish people. The Kurdish people have their very own complicated history. We see what is happening now in the Middle East. I can note and confirm that Kurdish combat units are fighting very courageously and effectively against international terrorism.

As for the question of sovereignty and independence of part of whichever country, our position is that we will act within the framework of international law and, ultimately, the Kurdish people will see their rights guaranteed, but the form this takes and how it will be done will depend on Iraq and on the Kurdish people itself.

We have been and remain in contact with both Baghdad and Erbil, but we have no intention of intervening in internal Iraqi affairs.

**Tatyana Melikyan:** Good afternoon. I am Tatyana Melikyan, from Lenta.ru.

Thank you very much for this opportunity.

We have already heard the word 'patriotism' today. This word has been used very frequently this year and is beginning to lose its meaning. I would like to know: do you think the authorities are going a bit too far in supporting patriotic movements? I say this because in autumn, we had all this public debate over the forced closure of a photo exhibition in Moscow and the forced decision not to stage the rock opera Jesus Christ Superstar in Omsk. It is dangerous when concepts start to erode so that hooliganism can be called a patriotic act or struggle for spirituality. I would like to know your view: is it wise to divide hooligans into 'ours', because they are patriots, and 'not ours'?

One more thing, Mr President. We heard about the teenagers arrested for torturing animals in Khabarovsk, but this is just one small episode in a huge and terrifying picture that is unfolding in our country. You spoke about animal owners' rights, but there are animals that do not have owners and it is they that suffer from this sadism and cruelty. Perhaps something could be done next year to bring order to this area and look at how to remove these animals from the city environment and how to organise shelters for them? This is the main issue after all.

I have a big request: toughen the penalties for cruelty to animals, because this is the only way to stop this.

**Vladimir Putin:** This is what I finished with. When I spoke about the rights of pet owners, I said that, in general, we should proceed from the principle of humanism with regard to animals, including stray ones. Of course, we must address this in a civilised manner, because we are aware of attacks by stray dogs, including on children. The local authorities cannot pretend that this doesn't concern them. However, these issues need to be addressed in a civilised manner. There are many of them, I will not talk about this now, but they do

exist.

With regard to patriotism and whether the government will support it, of course it will. We do not have, nor can there be, any other underlying principle.

Should there be a distinction between our hooligans and theirs? No. Hooligans are hooligans. It's important to distinguish between common sense, and the scum that forms on the crest of this wave. However, we shouldn't feed on some information phobias either. This exhibition, if no one proceeded to destroy it, was unlikely to draw anyone's attention whatsoever. On the other hand, the person behind this exhibition – perhaps some of you are aware of this – was prosecuted in the United States, but he decided that he can do things in Russia that are not allowed in the United States. The fact that the reaction was, to put it mildly, far from civilised is probably a bad thing. The authorities should take some decisions here, but the community, too, must have some internal self-restraint, which we talked about recently during a meeting of the Council for Culture in St Petersburg.

Some cultural figures have also asked me about banning the musical, *Jesus Christ Superstar*. One shouldn't feed on phobias or false information. This show didn't make it to the stage in Omsk, correct? However, one year before that, it was a success in Omsk, with many people coming to see it. Now, when they started selling tickets – they've been selling them for two months and sold only 46 tickets – the organisers decided of their own accord not to run this show. That's all there is to it. No one prohibited anything.

Generally, it is impossible to prohibit anything in the modern world. We are not going to follow this path. Indeed, this is a very delicate area, and we do need to maintain a constant dialogue with the public. I fully agree with you.

**Olga Pautova:** Olga Pautova, Channel One.

Mr President, there are only three children's hospices in our country. Moscow's first hospice has been under construction for several years. Once it is completed, terminally ill children will no longer have to stay in intensive care, fighting the disease alone; they will not suffer from the pain at home; they will stay at a place where their pain will be relieved, where their mothers will always be with them, where they can play, go outside, where they will be able to live, not just spend the rest of their days. But the construction is progressing too slowly. We often show it on our channel. The project is financed entirely with charity money. This is not enough, and they frequently run out of funds. But families with children who need palliative care do not have time to wait. Maybe it is time for the Government to intervene and help complete the construction? This is about children after all.

**Vladimir Putin:** Maybe. But, as you said, the project was initiated by philanthropists. This is a very sensitive and delicate issue, you know. We always support these initiatives. Recently I presented a state award to a priest who has devoted his life to charity and is very active in it. And the Government is working on it too. But if benefactors start something, they should know how it ends. This is very important, in any area. If you commit to something, "if you pledge, don't hedge." We do say that in Russia, right? And then do not look back and turn to those who are not directly associated with a particular project.

By and large, of course, we need to pay more attention to this. I very much hope that, after we talk to you and your colleagues, after you, I mean Channel One, run the story, the city authorities will hear you, just like in other Russian regions.

**Vladimir Putin:** I can see a poster saying, “Stop Juvenile Justice.” What does this mean? Please.

**Elina Zhgutova:** Good afternoon. I represent the Ivan Chai news agency.

Colleagues, Mr President, on February 9, 2013 you attended a meeting of parents in the Hall of Columns. You said there that juvenile justice of the Western type would not be introduced in Russia without a broad public discussion. I can tell you – I know this because I also head a human rights centre – that we have a system of juvenile justice that is almost as tough as in Scandinavia.

An amendment was adopted in July after you had requested that Article 116 be decriminalised. However, this was done in a very strange manner, by introducing a formula, “close relatives,” which is a form of discrimination from the viewpoint of the Constitution. There is now a new provision with regard to bodily blows made by “close relatives.” Today, if a father slaps his child for misbehaving, which is a traditional form of punishment in Russia, he can get a two-year sentence, but if a neighbour does the same, he will be fined.

When you attended our meeting back then, we collected 180,000 signatures against the system of juvenile justice. As of now, we have collected 213,000 signatures for stopping juvenile practices in Russia under which children are taken from parents in poor families and the law can intervene in family life without good reason. And all these people ask you to meet with parents again. These parents are now standing behind me and asking you for a meeting.

**Vladimir Putin:** Well, I think we should not slap children and justify it based on some old traditions. Neither parents, nor neighbours should do this, although this sometimes happens. There is a short distance from slaps to beating. Children fully depend on adults; they are the most dependent members of society. There are many other ways to bring children up without slapping.

On the other hand, we should be reasonable too, because actions such as you describe destroy families. Like you, I am against such distorted forms of juvenile justice. Frankly speaking, I believed that my instruction had been fulfilled. The State Duma Speaker has updated me on this only recently, and he said that the related amendments had been approved. Let us discuss this issue once again. I promise to look at this matter and to analyse the situation. Unceremonious interference in family matters is unacceptable. As for what happens in the family, let us talk about this later. *(Applause.)*

**Dmitry Peskov:** A question from Alexander Gamov, Komsomolskaya Pravda.

**Alexander Gamov:** Komsomolskaya Pravda radio station, kp.ru website, and the Komsomolskaya Pravda newspaper.

I have a somewhat pointed question, and so I hope your answer will be frank, as always. Mr President, you appoint people from your closest circle as regional governors. I made a point of meeting some of them. Komsomolskaya Pravda ran interviews with Lieutenant-General Alexei Dyumin, Hero of Russia, and Dmitry Mironov, acting [governor]. Alexei Dyumin is now Tula Region governor, and Dmitry Mironov is Acting Governor of the Yaroslavl Region.

I had the impression that you are carrying on a tradition you established about eight years



ago, I think, when you appointed a stranger as the head of Ingushetia. It was Yunus-Bek Yevkurov, also a Major-General and Hero of Russia. As far as I know, he has warranted the President's confidence. I have also met the youngest governor, Acting Governor of the Kaliningrad Region Anton Alikhanov. He is 30 years old. And I wonder: do you make such appointments on purpose? Will this presidential tactic and practice survive in future gubernatorial appointments? And why did it appear? Are you wary of the local gubernatorial staff, in connection with the notorious arrests?

Last but not least – my colleagues won't let me tell a lie – media outlets, including my Komsomolskaya Pravda, are discussing whether Mr Putin is training Dyumin and Mironov. Is that so? What are you training them for, Mr President? For some distant goals? And what are your goals?

Thank you very much.

**Vladimir Putin:** My goal is the wellbeing of Russia. How can we reach this? We should tackle the economy and the social sphere, and provide the defence potential and security. Proper people are needed to do that.

How many constituent entities are there in the Russian Federation? Eighty five. And how many people did you mention now? Three. Were they, or are they, all that prominent within the entire gubernatorial body? I mean the people elected at the President's bidding in certain Federation entities. Let's see what is going on there. Here is the answer to the question of whether we trust the so-called local personnel. We do trust them, of course. An overwhelming majority of the Russian Federation regions are governed by people from those regions, an absolute majority. But there are occasions when the elite needs new blood. That is evident. To that matter, the regions' population demand a certain replacement of the regional elites.

You mentioned two or three names, but even the latest changes concerned more people. What about Gaplikov, appointed to Komi? And what about the Kirov Region appointment? They are all young enough, and efficient. And what about the new head of Sevastopol? They are all energetic, young and, to my mind, promising leaders, who have shown good results. So selections are made according to personal and career qualities, which give grounds to expect that these people will cope with their duties. I very much count on this.

As for their prospects, it depends on them and on the public's opinion of their work. Mr Dyumin had worked for six months, I think, in the Tula Region before 85 percent voted for him. That was a good achievement, but it is not enough. Now he should prove his worth in practical work. The same concerns my other colleagues, starting with Sevastopol, the Kirov Region or Yaroslavl.

I talked recently with a legendary person, [the first woman cosmonaut Valentina] Tereshkova. She said: "How wonderful it was! Thank you very much for finding such a man for our Yaroslavl." Such are the first indications of the right man for the problems he will address. Thank God! I wish them every success in their work, for the good of the people of these regions.

**Sebastian Rauball** (*retranslated*): I will ask my question in German.

Thank you very much for the chance to put a question. How do you see 2017 in terms

of relations with the West, looking at the possibility of a new start in Russia's relations with the USA? Now, following the terrorist attack in Berlin, do you think it is perhaps worth looking at improving relations?

I have a second question. Yevgeny Dzhugashvili, Stalin's grandson, who was fighting for Stalin's rehabilitation, died yesterday. In an interview, film director Kirill Serebrennikov said that he fears Stalin's rehabilitation. What is your view on this issue? Is it possible for Josef Stalin's descendants to somehow get him rehabilitated?

**Vladimir Putin:** Regarding developing relations between Russia and Europe, I already answered your Polish colleague on this subject. It was not we who initiated the worsening in relations with Europe, including with Germany. We did not impose any sanctions on European countries, including Germany, none at all. All we did was to take measures in response to the restrictions imposed on our economy. We would be happy to lift these measures if our partners, including in Europe, lift the anti-Russian sanctions, even though our farmers are asking us not to do this.

What happened after all? Let's take an objective look at the events that brought us to such a situation. Our American and European friends initially acted as guarantors for the agreement reached between President Yanukovich and the opposition, but the next day, the agreements were broken and power was seized. Instead of condemning an anti-constitutional coup and calling for execution of the agreement to which the foreign ministers of three European countries - France, Germany and Poland - had put their signatures, they supported this anti-constitutional coup.

This resulted in the people living in Crimea wanting to reunite with Russia, Ukraine losing Crimea, and the sad, tragic and bloody events in Donbass.

But what was at the start of all of these developments? It's amazing to think, but at the start of this whole tragedy was the failure to reach agreements on Ukraine's accession to, of all things, an association agreement with the European Union. How could issues of a purely economic nature end up taking on such a new dimension and lead to such tragedies?

Were we the ones who initiated this chain of events? No, of course not. We spent years asking to have this agreement's main parameters settled with us. Mr Yanukovich said too in the end that, "I want to join this agreement, but I need to reflect on the accession terms and settle them within our own government and consult with Russia, because we have very close economic ties with Russia and we need the Russian market. We have a high level of cooperation." But our European partners said no. How can one act that way? We therefore do not consider ourselves to blame for what happened. We did not start this chain of events.

By the way, what happened then and what is happening now? After the coup was staged under the guise of joining the Association Agreement, the association was postponed. Immediately. So, they did exactly what Yanukovich proposed to do. They dragged it out for a year or even more, then wrote that they made a decision on ratification and postponed the association once again. And what is going on now? A referendum was held in the Netherlands, and Europe does not want to implement it any more. I really don't even know what to make of this.

Now we are talking about visa-free travel for Ukrainian citizens. But it is on hold, and if it

proceeds, it will be implemented in the truncated form and, obviously, will put labour migrants coming from Ukraine to Europe in a completely embarrassing position. Wouldn't it be better if they could work together, calmly and without any fuss, and reach an agreement on how to collaborate?

What kind of relations do we seek to build with Europe? We aim to resolve common problems, one of which is certainly the fight against terrorism.

We express our condolences to the families of those killed in Berlin and wish a speedy recovery to all those injured. But I have repeatedly said, including in my speech at the UN 70<sup>th</sup> anniversary session, that this problem can be settled effectively only through joint efforts. But how can we join our efforts with anti-Russian sanctions and reciprocal measures imposed and all forms of cooperation scaled down? What can be done if, for instance, our British colleagues have completely curtailed relations with Russia's Federal Security Service? So, can we talk about efficient work on the anti-terrorist track? Absolutely not. So, as a result, we take hits, heavy and painful.

I really hope that our cooperation will be restored.

**Dmitry Peskov:** Mr President, may we give the floor to Andrei Kolesnikov from Kommersant? He would also like to ask a question.

**Vladimir Putin:** Yes. He is also from the pool.

**Andrei Kolesnikov:** Andrei Kolesnikov, Kommersant.

Mr President, how would you respond to this question: why should you necessarily become the President of Russia again in 2018? And what would be your response to this question: why should you not, under any circumstances, become the President of Russia?

Thank you.

**Vladimir Putin:** He is some kind of provocateur.

**Andrei Kolesnikov:** As usual.

**Vladimir Putin:** He does this all the time.

This is an exercise in futility. My response will be standard. When the time comes I will see what is going on in Russia and in the world. Based on what we have done, what we can do and how we can do it, a decision will be made regarding my participation or nonparticipation in the presidential election in the Russian Federation.

**Veronika Kilina:** Good afternoon.

Veronika Kilina, Nakanune.ru.

Mr President, you must be aware of the controversial situation around the Yeltsin Centre in Yekaterinburg. What is your position on the discussion that was started by the well-known film director Nikita Mikhalkov? May I remind you that he criticised the Yeltsin Centre for the exoneration of Vlasovites and the distortion of history. Do you agree that this must not be permitted? And what would you say to the people who are indignant about the fact

that all of this is being paid for with money from the state budget?

Thank you.

**Vladimir Putin:** You know, I have met with Mr Mikhalkov, Valentin Yumashev and Tatyana Dyachenko, and we discussed the issue. Perhaps there are matters that require, let us say, careful consideration. They are related primarily to the way information about the history of Russia is presented; not only its recent history, from the beginning of perestroika to the present, but history as a whole, in the broad sense of the word. My colleagues agreed with me that there is probably a need to put certain things into focus.

But in general, do you know what I object to? I am against endlessly blowing up these issues. There is nothing wrong with the fact that this discussion is unfolding. This is perfectly normal. Some people take a positive view, some take a more liberal position on the ongoing events and prospects for development, while others are more conservative, more traditionalist. We have always had our national loyalists and Westernists. Some people consider themselves to be national loyalists. However, as we recall the events of 1917, as we are to observe the centennial of the revolutionary events next year, in 2017, we should move toward reconciliation, rapprochement, not toward division, not toward inflaming passions. This is what I would say in response to your question.

**Maxim Rumyantsev:** Maxim Rumyantsev, Free Journalism Centre, Yekaterinburg.

Mr Putin, I will follow up on the subject of environmental protection.

Rosatom is building strategic facilities under a federal targeted programme. Today ISIS-like environmental cells are operating in Russia but they are staging industrial terror against the background of the fight against the issue of ecology. These people have nothing to do with environmental protection, and some groups have been identified as foreign agents.

I would like to know how you filter the appeals that are continuously being sent to the Presidential Executive Office.

This industrial blackmail is interfering both with Rosatom and other industrial enterprises. In our Ural Federal District this system of manipulation has replaced public and political opinion: I am referring to the Tominsky ore mining and dressing plant. In other words, foreign agents and these NGOs, including environmentalists, have been sent to an advanced enterprise that is to be built in Chelyabinsk Region.

And my last point: I would simply like to make a request on behalf of the residents of the village of Serebryanka that was completely isolated from the rest of the world last year. I saw elderly people buying groceries on credit. Their money is in Tagil, which is 70 km away from their village, and they have no way of getting there. The authorities promised to build a road in 2018, but how are they supposed to live until this happens, especially in the muddy season in autumn or spring?

Thank you.

**Vladimir Putin:** As for your last remark, I will certainly draw the Governor's attention to this and I hope he will respond, in cooperation with the local authorities.

Needless to say, this is absolutely inadmissible. Regrettably, such things happen

in the country and they are not so rare. It is a great pity that the local authorities, including regional leaders, are neglecting such problems. People should not feel isolated from the life of the country, no matter where they live, and must certainly have access at least to the elementary blessings of civilization.

Now about environmental groups, and how we separate those who are sincerely striving to preserve our nature from those who want to make money on it.

You know, this is not even about foreign agents, although environmental groups are sometimes used by our competitors to slow down a growing segment or a Russian infrastructure project, as in your case, and so on.

I remember very well how foreign governments “charged” some environmental groups during the construction of some marine or port infrastructure facilities. We knew for certain how much money was spent on disrupting various projects that are now in operation, thank God. However, this does not mean that we should neglect environmental issues. This applies to Rosatom, possibly above all.

However, Rosatom is one of the world’s leading companies, and its modern, post-Fukushima technology is recognised by the IAEA and international experts as the safest in the world. This is an absolutely obvious fact. We have taken into account all disasters in the Soviet Union and the rest of the world in this area. We have developed truly safe technologies, but nobody is immune to the abuse of environmental issues.

I remember very well a conversation with one of my foreign friends. An old buddy of his, who worked in an international environmental group, told him: “Pay us 30 million dollars or euros. You’d better give it of your own free will, and everything will be okay. You’re better off agreeing.” They held a meeting of the board of directors and decided to pay and paid. We know such things happen, and bear it in mind. How do you respond to this? Certainly, not by brushing it aside. Regrettably, this cannot be ignored. There is only one response: a comprehensive professional study of the matter in terms of its economic feasibility and environmental safety.

**Ekaterina Vinokurova:** Mr Putin, I realise that I looked a little ridiculous, but in addition to a question, I have a request that is a matter of life and death for some people. I hope this will excuse me.

My name is Ekaterina Vinokurova, Znak.com.

I will begin with a question. Mr Putin, I always watch your speeches, and I listened carefully to the Address as well. You say good things that are impossible to disagree with. However, the next day everything starts going in exactly the opposite direction.

**Vladimir Putin:** Everything? That’s impossible. To say that everything goes either right or wrong is a very radical approach.

**Ekaterina Vinokurova:** I will provide examples.

**Vladimir Putin:** Do please.

**Ekaterina Vinokurova:** For example, our good comrades nodded their heads when you said in your Address that responding aggressively is inadmissible and the wrongdoers must

be punished. Here in St Petersburg, a colleague of mine, a photographer from *Kommersant*, David Frenkel, was beaten up by someone from NOD.

**Vladimir Putin:** From where?

**Ekaterina Vinokurova:** NOD: the National Liberation Movement led by Evgeny Fyodorov, which acts under openly aggressive slogans calling for cleansing the government, and so on.

Or, for example, the Sorok Sorokov movement, who claim to be Orthodox Christians, but, in fact, preach views that make other people turn away from the Orthodox Church. They were very aggressive in defending the construction of a church that was opposed by the locals, also believers, by the way. They insulted the people to the point where the locals began to respond, and then they wrote a complaint about offence of the feelings of believers. All of that despite your repeated statements about the consolidation of our society and that the ties that bind our society have to do with reconciliation rather than aggression.

Or, for example, you mentioned in the Address that we are sensitive to injustice, lies and self-serving interests. For instance, we see that the great Igor Sechin ... *Vedomosti* found out that he is about to build a house in Barvikha, and Igor Sechin, instead of building a more modest house, because he is an employee of a state-owned corporation in a poor country, sues *Vedomosti* and demands that the entire circulation be destroyed.

Another example (I am nearly finished). During a news conference several years ago, you said that you were in favour of electing mayors. Mr Putin, are you aware that mayoral elections in major cities were canceled 18 months later? The question is simple: Mr Putin, your elite is openly challenging you. They nod approvingly to everything you say, tell you how great and wonderful you are - and everyone ...

**Vladimir Putin:** Stop, stop right there. (*Laughter*)

**Ekaterina Vinokurova:** This is a simple and straightforward question, Mr Putin. Why is it that you say one thing, but in practice we see, too often, something different? Is this some kind of creeping coup?

Secondly, my request. Mr Putin, RBC reporter Alexander Sokolov has been kept in a pre-trial detention centre for more than 18 months now. The charge that we hear in court is delusional and makes no sense whatsoever. We do not see any fairness on behalf of the security officers, judges, nor do we have any hopes for justice.

There's another case of a woman named Evgeniya Chudnovets, who posted on VKontakte [social network] a video showing a boy being bullied and asked the police to do something about it. She was put behind bars for that and was sentenced to real time in prison. Mr Putin, please, we have to do something about the sadistic skew of our justice. Please, we must save these people. Thank you very much.

**Vladimir Putin:** About the prosecution bias in justice in Russia. You know, we have recently taken a lot of decisions aimed at humanising our legislation. This applies to criminal law, to administrative offenses, and additional measures are being taken now. These are fundamental things that we are doing consciously, and we will continue this work.



As for someone expressing extreme views or acting radically – Russia is a large and complicated country, you know. Some would radically defend liberal values and organise provocative exhibitions, and they say they are doing it deliberately to draw attention to their actions, to their art. Here, too, there must be moderation, right? There must be moderation in all things. The same can be said about the so-called patriots. I said we would support patriotic movements, assuming there is no distortion. The balance of things should be determined within society.

As for the specific persons you mentioned, I have to be honest, I have never even heard of them. I will look it up, I promise, I have no idea if their verdicts were fair or not.

About the construction projects implemented by business representatives, including those from state-owned companies, the extravagant-looking real estate – I agree with you, they need to be more modest, you are right. I told them so many times and I hope they will hear me. This also concerns their bonuses, their incomes. Even if the law allows it, they need to understand the country we live in, and try not to annoy people.

As for the various claims you mentioned, after all, it is up to the court to decide if it is a fair claim or not. If an individual goes to court seeking protection of their business reputation, honour and dignity, the court shall determine the degree of guilt or lack thereof. As far as I know about the case, Sechin claimed several billion or something like that from RBC. The court agreed that he was right, but the amount was 360,000, truly insignificant. Nothing terrible actually happened. But I must say that people often come to me, I mean, prominent figures in culture and the arts, people with very different views, by the way, and complain about journalistic terror against them – yes, of persecution, seizure, of their children being terrorised.

I would like to ask you and your colleagues, please, please be more discreet, do not interfere in the personal, private lives of public figures, artists, athletes and other such people. We all need certain rules developed, and we need to adhere to these rules on the basis of a sufficiently high cultural level in our country.

Wait a second; we have CCTV here.

**Question:** Good afternoon Mr President.

I would like to develop the subject my colleague from Rossiya-24 started. The global situation is becoming more complicated. There are refugees and terrorist attacks in Europe, the Middle East remains unstable, and now the USA has a new president. In this situation, what new approaches should major powers such as Russia and China find to resolve global and regional problems, and how will this influence our relations? Thank you.

**Vladimir Putin:** It is common knowledge that Russia and China have very close relations. We are all familiar with the term ‘strategic partnership’, but the ties that Russia and China have developed over recent years are more than a simple strategic partnership. China is our biggest trade and economic partner as far as individual countries go. Yes, our trade turnover has fallen a little due to objective circumstances (above all, the drop in energy prices), but we are diversifying our relations and I am especially pleased to see that our trade in the high-tech sectors and in industrial production has grown significantly of late.

We have big projects in aircraft manufacturing, and good prospects in the space sector,

and in energy, including nuclear energy. We have some good undertakings in infrastructural projects, and I hope they will all go ahead. We are developing [cooperation] and will continue to do so, despite the difficulties that exist – I will not go into the details now – in the transition to settling our trade and economic accounts in our national currencies, all the more so now that the yuan has become one of the International Monetary Fund’s reserve currencies, an event on which I congratulate our Chinese colleagues. We have common views on many issues on the international agenda, and I am certain that this will be a major stabilising factor in international affairs. We value our ties with China and hope to continue developing them.

**Dmitry Peskov:** RBK was mentioned today. Perhaps we should give RBK the chance to put a question? Please, give them the microphone.

**Natalia Galimova:** Mr President, I am Natalia Galimova, RBK.

Let me begin with the question I meant to ask last, but since my colleague raised the issue of the arrested RBK journalist... You said it was the first time you had heard Alexander Sokolov’s name.

**Vladimir Putin:** What did he do? What was he arrested for?

**Natalia Galimova:** A year ago, in this hall, you promised to look into his case. He is accused of extremism, but nothing has happened since then, and now he is being tried. Perhaps you were very busy and did not have time, but I do nonetheless ask you to please look into this case.

**Vladimir Putin:** I apologise for interrupting, but after the issue was raised publicly this way, it was probably the Presidential Executive Office that looked into the situation, and if the case went to court, it suggests the circumstances are not all so straightforward. But I will look into it again.

**Natalya Galimova:** Thank you.

And another question. You have just spoken of the responsibility of the media in the context of lawsuits. On the one hand, yes, but there is another side to the matter. Igor Sechin is actively suing the media: Novaya Gazeta, Vedomosti, RBC, Forbes magazine. The outcome of the court cases has always been the same. Igor Sechin wins lawsuits, while courts, with very rare exceptions, order that the articles that are the objects of his discontent be removed from websites or, with regard to Vedomosti, for example, that its entire circulation be destroyed. Do you believe that such rulings set a dangerous precedent, legitimising the suppression of information that may not be to someone’s liking?

**Vladimir Putin:** Do you have a problem with Sechin, the courts or the unreliability of your own information? You know, all of this requires careful consideration. Sechin, as well as other people who go to court – what are they supposed to do to defend their honour, dignity and business reputation? Are they supposed to come and fight you with a stick or what? They go to court, just as in any civilised society. How objective these rulings are, frankly, I do not know. He sued RBC for 3 billion, but the court ordered RBC to pay him 300,000. This 300,000 is a paltry amount for RBC. I do not think that it will seriously affect the holding’s financial and economic operation. However, to look at this from a somewhat unexpected angle, generally it is good that the press keeps bureaucrats and representatives

of big business, including companies with state participation, on their toes. However, this should be done only within the bounds of the law.

**Natalya Galimova:** But what about the decision to destroy publications?

**Vladimir Putin:** Frankly, I cannot pass judgment. If this decision is based on law, is within the bounds of law, well, then it should be carried out.

**Natalya Galimova:** May I ask an important question about taxes?

**Vladimir Putin:** About taxes, please.

**Natalya Galimova:** In your Address, you issued instructions to the Government to draft proposals on adjusting the tax system after 2018. How do you envision the tax system after 2018? And what will be your response to decisions or proposals to raise taxes on businesses or individuals?

Thank you.

**Vladimir Putin:** You know, in 2014 we resolved not to raise taxes on businesses. This is precisely what is happening. Despite the numerous proposals from different agencies to make an exception, we refrained from increasing the tax burden on businesses. In addition, we not only avoided increasing the tax burden, but also introduced an array of preferential tax regimes, say, for small and medium-sized businesses.

Now we are considering the possibility of exempting self-employed individuals from all payments for a certain period so that they can become legal, set up their business and see that it runs smoothly. These are important, significant steps.

We are also considering priority development areas and other tax regimes. We are talking about a special tax procedure in agriculture, where there are two possibilities of reducing tax payments – importantly, reducing them legally. We are talking about reducing deductions to social funds for high-tech businesses, including small ones, which, at the end of the day, is key to growth in the IT sector of the Russian economy. We have addressed all of that, and I believe to good effect.

Indeed, in 2018, all of this will come to an end. And today all together we should develop a plan for our work in this area for the next four years, calmly and efficiently, with the involvement of the Government and the expert and business communities, and, I hope, with the participation of RBC, since RBC specialises in analysing what is going on in business (sometimes I watch your programmes; you have very good experts). After a discussion and a final decision, we will ensure a favourable business environment for at least the next four years.

**Dmitry Peskov:** Mr Putin, I saw a poster saying “Irkutsk. Alcohol” next to the cameras in the back of the auditorium. It is probably about the recent tragic events.

Please go ahead.

**Dmitry Lyustritsky:** Good afternoon, Oblastnaya newspaper, Irkutsk Region.

Indeed, Irkutsk has suddenly and sadly appeared in the top news story this week. I have two

questions for you in this regard.

Currently, Irkutsk Region is in the vanguard of the fight against illegal trafficking in alcohol, or rather, non-drinkable alcohol-containing liquids. Yesterday, Deputy Prime Minister Alexander Khloponin put forth an action plan, which the Government is going to implement in its effort to combat this scourge. It is comforting to know that there is overall understanding that this is not only about Irkutsk Region, but is a major widespread problem, at least in Siberia and the Russian Far East. There is a proposal to introduce excise duty on industrial alcohol.

This is what it is all about. This is not only about illegal trade, the lack of excise duties on industrial alcohol or the absence of technical monitoring. There is also the enormous problem of alcohol abuse, by the population in general, because not all of the casualties come from the lower strata. There are many poor people who cannot afford store-bought vodka, so they turn to bootleggers and illegal producers.

In this regard, I would like to ask you, first, what do you think about the measures proposed by the Government with regard to the sale of industrial alcohol and the prevention of such tragedies in the future? Are there any planned measures to reduce alcohol consumption in our country and fight alcoholism as a social scourge?

Thank you.

**Vladimir Putin:** First of all, I must say that what is happening in Irkutsk is a terrible tragedy – I have no words for it – and a terrible mess, because supervisory bodies and other bodies that were supposed to be on top of the situation failed to prevent this tragedy.

Now, with regard to what really happened there. Several individuals, some of them citizens of a foreign state, organised the production of liquids for cleaning bathtubs and used alcohol in their production, which is not a poison. However, one of the group decided to make some extra cash and, the way I see it, not really knowing what he was doing, got hold (I will not use a bad word here) of industrial alcohol and used it.

Increasing excise duties and other measures proposed by the Government are a correct, but, unfortunately, belated response. It had to be done earlier.

As for the claims by the so-called – so-called in this particular case – small businesses that prices of perfumery products and all sorts of detergents will go up, we have to acknowledge that after such tragedies, such claims are not enough reason for us not to proceed with excise duty hikes. You may be aware that a few days ago, I issued additional instructions to the Government, and we are seeing the reaction now. I hope that all of this taken together will give us the desired result and will help preserve the lives and health of our citizens.

Now about alcohol abuse. Yes, indeed, it is a problem. However, oddly enough, it may not be as bad as in some other countries, particularly, Northern Europe.

What we need is a package of measures that must be implemented – and they are being implemented. These measures may not be prohibitive, although some restrictions may apply. There is a poster here that says, “Are there booze joints around the Kremlin?” I am not sure about the Kremlin, but there must be no such spots near schools or childcare centres. Such decisions have been taken, and it is important that they are implemented

in full.

We must continue to pursue intensive and multifaceted efforts to prevent mass alcohol consumption. This includes educational, morale building and related efforts by the media as well – please support us in this endeavour.

This is a critical area of our work, and our demographics depend to a significant extent on it. Generally, this is one of the key areas of our joint work.

**Remark:** May I ask a question about love?

**Vladimir Putin:** Love? We need to finish already.

**Dmitry Peskov:** It has been over three and a half hours.

**Vladimir Putin:** And love will quickly turn to hate if we stay here too long.

Georgia. The young woman who raised a poster.

The kvas question is no less interesting, of course – they raised a poster there. (*Laughs.*)

**Dmitry Peskov:** That is last year's story.

**Vladimir Putin:** But we will get back to that.

Go ahead, please.

**Tamara Gotsiridze:** Tamara Gotsiridze, Maestro TV.

Cultural and economic relations have resumed recently, but in general, we have stopped progressing. We all know the reasons for that, too: territorial issues between us remain. Do you believe there are prospects for political dialogue, or will we maintain the current status quo for a long time?

One more thing, if possible. You commented on the visa-free entry to the EU for Ukrainian citizens. The same travel regulations will apply to Georgia. Would you say that your comment on Ukraine also applies to Georgia, because Europe will open visa-free entry for the citizens of Georgia sooner than Russia? Thank you.

**Vladimir Putin:** Your phrasing at the end was tricky, you know. I actually said that visas in Europe are an anachronism. Whether we are talking about Ukraine or Georgia, I believe that everyone should travel visa-free.

As for Russia and Georgia, travel restrictions were introduced for a reason, not for the fun of it, after the conflict. I would like to note, though it might seem trivial, that we are not the ones to blame. We did not start the fighting in South Ossetia. But anyway, we all need to think about normalising relations, and I do not rule out returning to a visa-free regime for Georgian citizens in Russia. It seems to me that there is good reason for that, as we now see certain signals from individual authorities in Georgia.

It is important to establish normal relations between special services and law enforcement agencies to ensure joint efforts in the fight against terrorism, so that visa-free travel does not damage our security on the antiterrorism track. I think this is quite possible.

Anyway, let us talk about kvass. What is the situation? Last time or the time before, we already discussed kvass. Let us continue. No to vodka, yes to kvass.

**Vladimir Mamatov:** Thank you very much, Mr Putin. Vladimir Mamatov from Kirov, that is, Vyatka.

Special thanks to you for kvass, because it is exported to China and the United States.

**Vladimir Putin:** It is an unlimited market.

**Vladimir Mamatov:** Nothing would have happened without your support. Whenever you come to our plant, I guarantee you will see a crowd there.

The problem is different. The new Governor (Gamov spoke about the governors who are your people), Igor Vasilyev, wants to establish a venue for Kirov goods, because if I come to you with every Vyatka brand, we will have news conferences for the next 300 years. We have many brands to take pride in.

**Vladimir Putin:** You think we will live that long?

**Vladimir Mamatov:** I am an optimist, I am always an optimist.

**Vladimir Putin:** Fine.

**Vladimir Mamatov:** Mr Putin, we have many things to be proud of there. He wants to establish a venue for Kirov brands. It takes an hour by plane to get from Moscow to Kirov, or a night by train, like from Kirov to St Petersburg.

**Vladimir Putin:** But what do you want from me?

**Vladimir Mamatov:** Just a moment (*Laughter in the hall*). I apologise for taking up people's time.

We actually want to restore the VDNKh (Exhibition of National Economic Achievements). Make Kirov Region a pilot venue with our local producers presenting local goods there. Then we could modestly ask whether the President can support this. And whether we can do this on a national scale? There is the "Made in Russia" office. It essentially represents a virtual VDNKh on the internet.

**Vladimir Putin:** Are you referring to the VDNKh in Moscow?

**Vladimir Mamatov:** Absolutely.

**Vladimir Putin:** Yes, this is what is happening there now. If you visit it, you will see that VDNKh is coming back to life again, thank God. Just recently it only had some shabby markets that emerged out of nowhere. So, if you have an idea regarding the presentation of your goods, I believe this can be resolved. Sergei Sobyenin is sure to hear us. We are ready to prompt him, so he could discuss the presentation of your goods with his colleague.

One of the economic development areas is this work in the market, in new markets and in restored old ones.

**Vladimir Mamatov:** May I refer to your support?



**Vladimir Putin:** Yes, of course.

**Vladimir Mamatov:** Wonderful! When do you expect to visit us?

**Vladimir Putin:** Thank you very much. I will try.

**Vladimir Mamatov:** Thank you so much.

**Vladimir Putin:** We need to wrap up, otherwise we will never finish. Let us take a few more questions.

**Alexey Yeryomenko:** Thank you. I will be brief, without any introductions.

When do you expect to meet with Donald Trump? What strategic issues will be on the agenda at the first and the following meetings? What do you expect? Thank you.

**Vladimir Putin:** It is difficult to say now. First of all, the newly elected US President needs the opportunity to put his team together. Without this, I believe, unprepared meetings are quite meaningless.

What issues will be on the agenda? Issues that concern putting our relations back on track. During his election campaign, Mr Trump said that he considered it appropriate to normalise Russian-American relations. He also said that the situation would not be worse, as it cannot get any worse. I agree with him. So, together we will think about how to make things better.

Such an impressive poster: "Give me." Give you what? What do you need?

**Vladimir Gusev:** Good afternoon.

**Vladimir Putin:** Hello.

**Vladimir Gusev:** My name is Vladimir Gusev, and I represent Bloknot federal information agency.

Mr President, what do you consider your worst mistake of this year, and what would you say is your worst mistake of all of your presidential terms? Thank you.

**Vladimir Putin:** You know, I have been repeatedly asked similar questions and even exactly the same question by your colleagues.

Every person makes mistakes. No person can live or work without making mistakes. I am not going to repeat what has already been said many times, but I will try to learn from all my mistakes and flaws so as to make fewer mistakes in the future and to work more efficiently, all together and personally.

**Alexei Khodorych:** Mr President, I am Alexei Khodorych, chief editor of Klassny Zhurnal.

In your Address to the Federal Assembly, you talked about the need to cultivate moral values in young people, which is impossible without reading. Today's children spend time watching videos on the Internet and playing videogames. Meanwhile children's magazines are the perfect tools for fostering the habit of regular reading. However, they are disappearing from libraries. We have talked with librarians, and they say their funding is shrinking and they cannot subscribe to the magazines they would like to have.

So my first question is: could the Government somehow help return children's magazines to their rightful place in the libraries?

The second question was sent to us by a young reader who loves robots – Alexander Aksenenko, 8, from Moscow. What kind of robot do you absolutely need in the Kremlin? Thank you.

**Vladimir Putin:** You know, robots are good in production, in industry. When we deal with such sensitive issues, when the fate of millions of people depends on our decisions, we absolutely have to be human. It would be difficult to use a robot, to count on it.

As for libraries in general, especially with children's books, I fully agree with you. We are trying to revive libraries in general, but on a new basis, because it is extremely enjoyable to simply come in and flip through a book; it is very important to hold a book, to feel it, even to look at illustrations, to see the text in front of your eyes. Modern media are obviously replacing conventional books. But we need to ensure that modern media offer the desired content, which would be in demand in educating the younger generation, something that leaves an imprint on children's souls and helps in forming their views and attitude to life. We need to transform libraries into new multimedia centres offering both books and the Internet.

Just as with many other sensitive issues, we need to pay more attention here. Not only at the federal level, but above all, it is primarily the regions' and municipalities' responsibility. If you need more federal help, we could think about it too, we only need to decide what kind of help. Simply transferring the money is not always the most effective form of support. But it is essential that we do it.

**Margarita Papchenkova:** "Vedomosti". We stand accused – Mr Sechin believes that we dislike him. In reality, we like him and there is something to commend him for. However, there are certain things that we see in the Government's activity and in his activity that raise questions. For example, we have big problems with the budget. It was balanced but to that end, decisions were taken to slash investment programmes, certain investment projects and increase dividends for state-owned companies.

However, there is an organisation called Rosneftegaz. Gazprom and Rosneft are major payers of dividends but not all of their dividends go to the budget. First they go to Rosneftegaz and then Rosneftegaz sends a certain portion to the budget. In other words, these funds end up in Rosneftegaz's accounts. Rosneftegaz has its own investment programme but it is fully covered by Rosneftegaz's liquidity. It is not clear why it needs these funds.

Why is it that these funds, which are essentially public funds, do not go to the budget? They could be used for social programmes. They could be put to a more effective use. For example, for additional capitalisation of the Russian Direct Investment Fund, which has shown its efficiency and which uses this money in the economy. Why are the funds just sitting there? Maybe they should be seized?

**Vladimir Putin:** You just want to seize everything. You represent Vedomosti, a liberal economic newspaper, and you just want to "seize, grab and prohibit."

Yes, there is a Rosneftegaz reserve fund. However, it is absolutely transparent. There is

nothing non-transparent there. It is under the Government's control. And we use it to finance certain programmes when the Government forgets that there are priorities that cannot be ignored.

For example, last year, as well as this year, science and education projects, above all science projects, will receive additional financing from Rosneftegaz. I am talking about the so-called mega-grants. These funds will also be used to address problems related to small aviation to resume building planes for regional airlines. These funds will also be used for projects related to big aviation and the development of a heavy-duty aircraft engine. We recently built an engine that had not been manufactured over the past 29 years, since the Soviet days, but we need a new engine with a greater thrust - 30-35 tonnes, which will allow us, together with our Chinese friends, to build a wide-body long-haul airplane.

These are the kinds of things - things that the Government has no money for after all the squabbling and fighting but which need backing all the same - that we will finance with Rosneftegaz funds.

That is it. Thank you very much. A happy New Year to you! Thank you very much for your patience. Good luck!

Video And English Transcript

Russian President Vladimir Putin, annual press conference, attended by Russian and foreign media, in Moscow on Friday, December 23.

Conference begins at 9:30 of video.

Posted December 26, 2016

[LIVE: Putin to hold annual press conference in Moscow - English](#)

<div><h1>An error occurred.</h1><div><a href="http://www.youtube.com/watch?v=uTU9fsxx9VM" target="\_blank">Try watching this video on www.youtube.com</a>, or enable JavaScript if it is disabled in your browser.</div></div>

**Transcript**

**President of Russia Vladimir Putin:** Good afternoon, colleagues, friends. Let's begin.

We have agreed with my assistant here that I will not make any lengthy opening remarks, so let us get down to business, to your questions. Go ahead, please.

**Presidential Press Secretary Dmitry Peskov:** Following a tradition we have, I propose that we give the first question to one of the most experienced members of the Kremlin's press pool, who, I think, has been working in it since the end of last century. Valery Sanfirov, Mayak radio station, your question, please.

**Valery Sanfirov:** Mayak radio station, Vesti FM, Radio Rossii.

Mr President, the year is coming to an end, so it is time to take a look at the state of the Russian economy. At meetings on economic and other matters held throughout this year you have often used such terms as 'turbulence,' 'hitting the bottom' or 'reaching yet another low'. I can even quote a joke you shared with us at last year's news conference, saying that 2015 was not as bad as it could have been. How could you describe the current state of the Russian economy? Thank you.

**Vladimir Putin:** This is a traditional question and a natural thing to ask. Of course, we are analysing our performance over the past year. As usual, this performance needs to be put into perspective. We need to look at the macroeconomic indicators of 2015 and compare them with what we have achieved in 2016.

As you can probably guess, I have the latest figures that we reviewed yesterday with colleagues and a number of experts.

Last year, Russia's GDP, which is the key indicator, dropped 3.7 percent. This year GDP also declined, but we are not talking about a contraction of this magnitude any more. Initially we believed that the GDP would fall by about 1 percent, but this figure was later adjusted to 0.7 percent and then again to 0.6 percent. In November, national GDP inched up. Overall for the year we are expecting a decrease in GDP in the range of 0.5 percent - 0.6 percent.

GDP increased thanks to growth in industries of the real economy, such as machine building, truck manufacturing, heavy machine building, manufacturing of road-building equipment, transport machine building, the chemical industry, light industry, processing and, of course, agriculture. Growth in agriculture was substantial - 2.4 percent last year. We expected 3.2 percent growth this year but the current figure is 4.1 percent and the yearend figure will be at least 4 percent. I think this is a very good trend and we must try to maintain it.

There is also the inflation rate. You remember that it was rather high last year, even for our economic system. One of the reasons was the import replacement programme in agriculture and the ensuing market disproportions. We could not substitute everything we had imported. But agriculture has demonstrated very good dynamics, and the inflation rate will be different this year. I would like to remind you that the previous lowest inflation rate - 6.1 percent - was reported in 2011. It will be below 6 percent this year. We had thought it would be around 5.7 or 5.8 percent, but it will be most likely around 5.5 percent. That is a record low inflation rate and a reason to believe that we will soon be able to reach the target inflation rate of 5 percent and subsequently 4 percent.

I believe that our budget deficit was 2.6 percent [of GDP] last year. It will be slightly larger this year - I will explain why later. The figure for the first 10 months is 2.4 percent, but

the yearend figure will be 3.7 percent. I believe that it is an acceptable figure, in part because we have a foreign trade surplus of over \$70 billion. We have maintained our reserves.

It is true that the Government's Reserve Fund has decreased a little bit, but the National Welfare Fund is almost intact. The Government's reserves are estimated at some \$100 billion, while the Central Bank's foreign reserves have increased. They amounted to \$368 billion at the beginning of the year, if memory serves, and by now they have grown close to \$400 billion, or more precisely more than \$385 billion. In other words, we are doing well in this respect, too, and this is a solid safety net.

Finally, cargo shipments are on the rise, which means that the economy is recovering. This is a very positive indicator.

Are there any other encouraging signs? Capital outflow is decreasing. Just look at the trend: in 2014, the outflow exceeded \$150 billion, but in 2015 it was \$57 billion. This year, it came in at just \$9 billion in the first 9 or 10 months, and is expected to total \$16 billion – \$17 billion in 2016, taking into account payments under loans, etc. Overall, the trend is quite encouraging.

What are the problems? Are there any issues? Of course, there are. We have to ensure further economic growth and higher industrial output, real disposal incomes have somewhat declined, which is not a very good thing in itself, since it leads to lower consumer demand and thus affects investment. That said, there is a positive side to it, as well: over the last several months we have been seeing a rise, albeit a modest one, in real wages in the real economy, which is a positive development that gives us reason to believe that the positive trend will remain in place in the near future.

As for the social sphere, the demographic trends remain positive. Natural population growth continues. The birth rate has slightly decreased, but the mortality rate also declined. Overall, there is a positive trend in terms of natural population growth. This is how things are.

In this regard it can be said that we are advancing in accordance with the plan that was publicly announced. It is being implemented, and the performance so far has been quite positive.

**Marina Sevostyanova:** Good afternoon,

Svetich agriculture media holding. My name is Marina Sevostyanova. My question has to do with subsidies for Russian agricultural machine manufacturing.

In fact, these subsidies benefit two industries, both manufacturing and agriculture. My question is to what extent do you believe these support measures are still needed? Are there any plans to expand them and make anti-crisis initiatives permanent?

**Vladimir Putin:** Anti-crisis measures cannot be permanent. They are intended to help specific industries, in this case you mentioned the manufacture of agricultural equipment, overcome current challenges and put them on the path of steady growth. This is about demand, and there is no doubt that it is our job to ensure that there is demand.

By the way, agricultural machine-building, which, if I didn't already mention before, I will

now, has posted very good growth. This is one of the sectors that is now driving industrial growth rates and, ultimately, our GDP figures. But we need to set a clear course of having this and other industrial production sectors live not on state subsidies but on natural demand.

How do we create this natural demand? By developing the agriculture sector itself. If we develop the sector and our agribusinesses have more money at their disposal, they will be able to invest more in buying new equipment and this will support agricultural machine-building.

As I said, the trend is very good here, with agriculture up by slightly more than 4 percent, and I am sure that as this sector continues to grow, demand will grow with it, and this will support the agricultural machine-building sector too.

For now though, these trends are still fragile and so we need to support them. The Government will continue providing state subsidies next year to the sectors that need it. A total 10 billion rubles have been earmarked for industry as a whole, and 216 billion for agriculture. I hope that these combined measures will produce positive results.

Since we are on the subject of agriculture and there will probably be more questions on this sector, let me say that we have been celebrating along with the rural population lately, celebrating this record harvest we have had. We said it would be a record 117 million tonnes. In fact, it will be more than 119 million tonnes, which is quite simply an excellent result, and I want to thank the farmers for their work.

This really is an unprecedented achievement in our recent history. There were similar results back in the 1970s, when Russia was called the RSFSR, even slightly bigger in 1973 and 1976, but we know that even with those bumper harvests foodstuffs and fodder were still in short supply back then.

The structural changes and organisation in the agriculture sector today show that the result we have now is something unique and offers us excellent opportunities for developing the sector further.

**Alexander Kolesnichenko:** Alexander Kolesnichenko, Argumenty i Fakty.

This is a good opportunity to double-check the economic growth you are talking about. Everyone says the world is on the threshold of some serious economic changes and even revolutions. Economic growth will be impossible in principle without new technology and this will seriously change the place of many countries in the world.

We have talked for a long time about a new technological paradigm. You devoted much time to this in your recent address. That said, it seems that in some areas we are lagging even further behind, for instance, in IT, as well as in production and social development with IT.

We have fallen far behind others. Could this be forever? It would be interesting to know your viewpoint, your opinion, if you could be more specific about this. Maybe you could even explain what the biggest problems are and what to do about them. Thank you.

**Vladimir Putin:** Some experts believe our economy is unresponsive to scientific achievements and modern high-tech economic trends. I think this is not quite so because the problem with economies like ours is that it is possible to take in big revenue from



the energy-related sector and it is difficult to compel business to invest in other areas if there is one area where they can make quick and fairly large profits.

To change the structure of the economy, give it a new dimension and create development prospects, our Government has for many years taken steps to subsidise certain areas of economic development, primarily, high-tech industries, of course. Yes, for the time being we invest less in high-tech industries than the OECD, in the economy in general, and the difference is considerable. The OECD countries invest about 2.4 percent of their aggregate GDP in it compared with Russia's 1.2 percent.

These efforts have produced the first results. First, the authorities and businesses have joined efforts to adopt the National Technology Initiative, as you know. We are drafting a comprehensive economic development plan to 2025. The Government is to complete and make it public by May. Priority development areas are being created in the Far East and eastern Siberia as zones of high-tech production with special incentives. In general, special incentives have been available in several sectors, including the IT sector, for the past few years, and we can see the results.

What are the results? For example, IT exports were around zero several years ago. Today we export \$14.5 billion worth of weapons and \$7 billion worth of IT products. I have cited these figures before. Many of our high-tech sectors have become competitive. They may look like mere growth points now, or individual achievements, but we are certainly a global leader in many areas, including those we have led traditionally, such as civilian nuclear technology, space exploration, some aviation sectors, and the like, as well as in the defence industry, which has experienced exceptional growth in productivity.

This will also carry over to civilian sectors. You know that the Government has been instructed to translate the current positive trends in the defence industry to civilian industries. By and large, I believe that there is no reason for despair. More than that, there are grounds to believe that we will not simply achieve leadership in many key spheres, but will also preserve this leadership for decades. Of course, we proceed from the belief that we must become part of the global trend and even lead the transition to a new technological revolution. We have every chance of doing so, considering the high level of development in research and education.

One sign says 'Tatars', and the other 'Not without Tatars...' So, what about Tatars, what is the problem?

**Yelena Kolebakina:** Mr President, my name is Yelena Kolebakina, Business Online business newspaper.

I have the following question. As you probably know, there are more and more troubled banks in the country. It is not uncommon for the Central Bank to revoke ...

**Vladimir Putin:** What does this have to do with the Tatars? How cunning of you.

**Yelena Kolebakina:** Hold on, that is not all.

It is not uncommon for the Central Bank to revoke licences and suspend operations, and Tatarstan has not been spared. Of course, individual depositors will get their deposits back in the amount set by law, which is 1.4 million, while small enterprises that you support so much, they will go bankrupt, since they are viewed as third-rank creditors, so more often

than not they end up not getting anything back.

My question is whether a fund of some kind should be established for legal entities that would operate just as the Deposit Insurance Agency does for individual depositors? Maybe you have some idea of how this issue can be resolved? Maybe we will end up having just four or five federal state-owned banks? In your opinion, do we need small regional banks?

Thank you.

**Vladimir Putin:** First, almost all experts, both Russian and foreign, support the Central Bank in its efforts to improve the financial system. No one believes that in doing so the Central Bank of the Russian Federation is doing something wrong. Nobody believes that. These efforts are undertaken above all in the interests of depositors. If organisations that are not financial institutions at all, but money laundering vehicles, remain on the Russian market, it will do no good, and depositors will be the ones to suffer. It is for protecting the interests of individuals that the deposit insurance system was introduced.

As far as I am aware, the Central Bank is working closely with Tatarstan authorities. The President and Government of Tatarstan, which is one of the regional leaders in the Russian Federation in terms of development in the economy, social sector and many other areas, are working with the Central Bank to find ways to support all depositors, including legal entities. There are legal procedures in place in this area, the provisions we have today, but of course we will need to take a close look at how to support our industrial companies and small and medium business.

The Tatarstan bank you mentioned is not some small establishment but a sizeable institution. As far as not simply the big banks but also small banks and small and medium business go, as I said in my Address [to the Federal Assembly], if you noted, we need a network of smaller regional banks too, and the Central Bank could apply different regulatory requirements for these smaller banks. The idea is to take a differentiated approach, apply tougher requirements, closer to the Basel III, to big banks and banks that play a central role in the system overall, including regional banks, and apply less stringent requirements to small regional banks working with small and medium business and with ordinary people. This would give them greater flexibility in working with their customers. But a lighter regulatory framework should not mean lower quality of these establishments, and the financial authorities must continue their oversight role here.

As for the bank you referred to, let me say again that the Central Bank and the authorities of Tatarstan continue their work and this process is proceeding quite smoothly.

**Dmitry Peskov:** Ekho Moskvu, please.

**Alexei Solomin:** Good afternoon, Mr President.

My question is connected, in part, to your Address [to the Federal Assembly]. You said that the fight against corruption is not a show. There are too many shows like this around. Take the story of [Federal Customs Service Director] Andrei Belyaninov. He has been nearly ruined, his name dragged through the mud, but later it turned out he was framed. Or take [Economic Development Minister Alexei] Ulyukayev, a close and confidential associate, whom you dismissed overnight, citing the loss of trust. Did you talk with him? Did you ask him for an explanation? Do you have it? Is it possible that these headline-grabbing cases are

not about fighting corruption and that they are an imitation created for public attention, or your attention, in order to get a seat closer to you?

If I may, I asked a question at last year's news conference, and I would like to ask the same question again. It concerns the murder of Boris Nemtsov. Are you monitoring the investigation? Do you, as a lawyer, consider the related developments convincing? Do you, as the Supreme Commander-in-Chief, believe that Russian officer Ruslan Geremeyev, who has not appeared in court for testimony, must appear in court?

Thank you.

**Vladimir Putin:** I will begin with the last part of your question. Of course, I closely monitor the so-called high-profile cases, especially when they concern murder, in particular, the murder of Boris Nemtsov. Of course, I support everything the investigative authorities have done to establish the circumstances of this case and to identify the persons involved and the culprits.

It is not surprising that officials, people who held official positions, including in law enforcement agencies, sometimes commit crimes, even very serious crimes. This has happened in Russia and other countries before. Take the horrific, tragic murder of our ambassador in Turkey. Do you know who killed him?

So there is nothing new in this, and we will continue working consistently to establish the circumstances and to identify the criminals. The investigative authorities usually achieve this goal in the majority, if not all high-profile cases, although this can take years, as in the case of Galina Starovoitova and several other cases. Unfortunately, we have not yet established all the circumstances surrounding the murder of Mikhail Manevich, with whom I had a close personal relationship. His murder has not been solved yet.

As for other high-profile cases, including Mr Belyaninov, there was no case against him. I fully agree with you in this respect and consider it unacceptable that information about the pre-investigation actions taken, including searches and the like, was leaked to the media. Such leaks damage business and personal reputations.

Regarding Mr Ulyukayev: I did not talk with Alexei Ulyukayev. I believe that the information provided by the related agencies was sufficient reason to remove him from his position due to loss of trust. We will know what this leads to after the trial. Making any conclusions before this is improper and harmful.

**Dmitry Peskov:** Vyacheslav Terekhov, also one of the most esteemed members of the Kremlin press pool.

**Vyacheslav Terekhov:** Thank you very much.

**Vladimir Putin:** Everything for the Kremlin press pool. "How can one pass over a relation!"

**Vyacheslav Terekhov:** We have been working together for a long time - that is why. Mr President, we have been implementing 11 executive orders and 270 provisions - the so-called May executive orders - for five years now. We have been working and working... There is probably no money for this.

**Vladimir Putin:** Why not?

**Vyacheslav Terekhov:** The budget shows that there are cuts everywhere.

Could you please tell me whether I am right in assuming that the sale of a large stake in Rosneft, in part to foreign investors, will fund the implementation of the May executive orders and the economy? But will foreigners be able to give us the money now that the banks are under sanctions? If so, are you ready, is the country ready to sell stakes in large state-owned companies to maintain the current state of affairs?

Thank you.

**Vladimir Putin:** I could answer your question until tomorrow morning because it has to do with the budget, implementation of the May executive orders and privatisation. In fact, it boils down to three major issues.

In terms of the budget, yes, we proceed from the most conservative forecasts, notably, \$40 per barrel next year.

It is true that budget spending will decrease in percentage terms from over 18 trillion to just over 16 trillion but in absolute terms it will remain constant – 15.8 trillion rubles in 2017, 2018 and 2019. Coupled with 5,000 ruble payments to pensioners next year and the so-called income-related costs and revenues, this will be a little over 16 trillion – 16.1 trillion rubles. But we have made all the allocations needed to deliver on social commitments, including those stated in the 2012 Presidential executive orders.

Moreover, we will fully and completely retain our support for the industry. It will amount to 2.6 percent of the GDP – even a little higher than this year. I think this year it was 2.2–2.3 percent.

National defence is the biggest spending item in the budget. In 2011, we spent 2.7 percent of our GDP on defence. This year, and over the last five years, we have substantially increased defence spending. This year's figure will come to 4.7 percent of GDP. Next year, the figure will be 3.3 percent, and in 2019, 2.8 percent. We will arrive at this level of 2.8 and maintain it there over the several years to follow. This will not affect our plans to strengthen our country's defence capability because, as I said, we have invested substantial funds in this sector over the last five years. What is very important is that we will pay off all debts to defence companies this year, and this makes it possible for us to programme the financing levels I just mentioned.

We are selling stakes in state-owned enterprises not because we lack money for particular budget expenditure items, but for several other reasons.

First, bringing in new owners will help to improve our economy's structure. These new owners include Swiss trading company Glencore and the Qatar Investment Authority. Our position is that the arrival of these new representatives on the management board will improve the management quality of the company, which is already among the most effective in the world. This was also part of our budget revenue plans, programmed into the budget right from the start, not to finance any particular sector, but for a variety of reasons all together.

As for the money the foreign buyers are paying for the 19.5-percent stake they are acquiring in Rosneft, it has already been paid in full into the Russian Federation budget.

Rosneft itself paid slightly over 300 billion for Bashneft, and the foreigners have already paid their share – slightly over 700 billion. Overall, the budget received around 1.1 trillion from the Bashneft sale and the sale of a 19.5-percent stake in Rosneft.

**Nathan Hodge:** Mr President,

My name is Nathan Hodge, Moscow Bureau chief of the Wall Street Journal. Is there a possibility of an early presidential election next year?

**Vladimir Putin:** What country are you talking about?

*(Applauses. Laughter in the audience)*

**Nathan Hodge:** The Russian Federation.

**Vladimir Putin:** I can tell you right away. It is possible, but not advisable.

**Nathan Hodge:** Thank you.

You made a statement yesterday on strengthening the strategic nuclear capability. Could you elaborate on these plans in greater detail?

**Vladimir Putin:** May I ask you to better articulate your question? What exactly in my statements at the Defence Ministry Board meeting caught your attention?

**Nathan Hodge:** On a personal level, what interests me is the production of new kinds of nuclear weapons. We know of course how hard it is, since nuclear tests are banned. Perhaps you simply could not help but respond to Mr Trump's statement yesterday on nuclear weapons?

**Vladimir Putin:** Regarding the US President-elect, Mr Trump, there is nothing new here. On the campaign trail he talked about the need to strengthen the US nuclear capability and armed forces. So there is nothing unusual here.

Honestly, I was quite surprised by statements coming from other official representatives of the current administration, who for some reason started to argue that the United States has the most powerful army in the world. But nobody suggested otherwise.

If you listened carefully to what I said yesterday, I talked about strengthening the nuclear triad and in conclusion said that the Russian Federation was stronger than any potential – and this is key – aggressor. This is a very important point, and not an incidental one.

What does it mean to be an aggressor? An aggressor is someone who can attack the Russian Federation. We are stronger than any potential aggressor. I have no problem repeating it.

I also said why we are stronger. This has to do with the effort to modernise the Russian Armed Forces, as well as the history and geography of our country, and the current state of Russian society. There are a whole host of reasons, not least the effort to modernise the Armed Forces, including both conventional weapons and the nuclear triad.

I must say, and this is no secret, we have nothing to hide, that indeed, we have put a lot of effort into modernising Russia's nuclear missile potential, and our Armed Forces. This also

applies to our Strategic Missile Forces, which are deployed on land; this concerns our sea-based forces; this is all open information, we are not hiding anything. We are deploying new strategic nuclear submarines with new types of missiles on board. This also applies to our air forces. I am referring to both the carriers, i.e. the aircraft, and the strike systems they have under their wings. We operate in strict compliance — I would like to emphasize this — in strict compliance with all of our agreements, including START-3.

Once again, allow me to repeat something I consider extremely important. In 2001, the United States unilaterally withdrew from the ABM Treaty. This agreement was certainly the cornerstone of the entire international security system. We were told then, “We are not doing this against you, while you...” I said, “We will have to react somehow, we will need to improve our strike systems in order to defeat these missile defense systems.” And they said, “Well, you can do whatever you want, we will proceed from the idea that you are not doing it against us.” So that’s what we’re doing. Although many prefer to ignore this fact, but this is exactly what we have basically agreed to, tacitly, without signing any documents. So nothing new is happening here.

So why are current US officials suddenly claiming that they are the strongest and the most powerful? Yes, indeed, they do have more missiles, submarines and aircraft carriers. We will not even argue with that. We are saying that we are simply stronger than any aggressor. And this is true.

**Dmitry Peskov:** Crimea: Point of Attraction. Introduce yourself, please.

**Maxim Nikolayenko:** I am Maxim Nikolayenko, Kryminform [Crimea Inform]. Our news agency was established barely a week before Crimea reunified with Russia. So three years is a long time for us.

People in Crimea and Sevastopol differ on the losses and achievements of that period. I think that our opinions are subjective because we lack complete information. This is not the case with you. You certainly have complete information not only from reports but also from other sources.

How would you assess Crimea’s development and the rate of its integration in the Russian economy? It is not an idle question. You may have had to answer it often, but the implementation of the federal targeted development programme to 2020 in Crimea and Sevastopol is not very successful, though it has not gone off the rails either. The implementation rate is less than 5 percent in Sevastopol, and the figure for Crimea is not available yet. In this situation, it is very difficult to see which industries are worth developing in Crimea. Another objective reason for this delayed development is the lack of power. Thank you for launching a power bridge to Crimea. We had enough gas of our own for consumption, but we face a severe shortage of additional electricity resources for development. We need more gas and new power stations.

Excuse me, but I must ask one more question, about the project of the century, the Crimean Bridge. The project is absolutely transparent, and we know almost everything about it, except for one detail - the name. We call it the Crimean Bridge, but Muscovites have different associations. The name “Kerch Bridge” has not taken hold, and no other ideas are being discussed. What would you name this bridge?

Thank you.



**Vladimir Putin:** You just said it, Kerch Bridge. I did not suggest the name. I suggested that the bridge be built, and you suggested the name. *(Applause)*

By the way, projects to build a bridge [to Crimea] were proposed in tsarist Russia and also in the Soviet era. The [German] occupiers almost built a bridge, but they miscalculated and it was destroyed by the spring ice breakup. There is a demand for this bridge. I hope, no, I am sure that we will eventually normalise relations with Ukraine, and this bridge will be very important for the development of Russian-Ukrainian trade and cultural ties. The bridge is an important element of infrastructure, which will have an impact on the economy as a whole, not just the tourism industry.

Now to the beginning of your question, that is, the progress of integration. You know that the programme for the development of Crimea stipulates very favourable conditions in terms of Russian law, that is, free economic zones. However, it turned out that rapid integration comes with legal and economic complications. And you cannot blame it all on the federal authorities. They have provided the funds, but you must dispose of them competently, promptly, effectively, sparingly and rationally. But this is also a problem for local officials, who cannot understand how to adapt their work to Russian law and administrative procedures. Adjustment takes time. I can tell you that this process is ongoing, and at a fast rate.

I mentioned an increase in industrial output in Russia. In some manufacturing industries, we see major growth of up to 20 percent. In general, growth will be low, under one percent, around 0.7, 0.8, 0.9 percent of industrial output; while in Crimea it is six percent, and 25 in Sevastopol due to federal orders placed by our Russian companies.

The unemployment rate is below the Russian average. It is at a good level in general. If we go back to the first question, it is one of the indicators (it was not you who asked this question, I believe). We had 5.6–5.7. This year, it will be 5.5, and even lower in Crimea, which is very good.

Which industries could hold promise for Crimea? Of course, ship repair, shipbuilding, and certain branches of the chemical industry. They are already there and, overall, they work well. All they need is support. Of course, agriculture, as well. By the way, 3 billion rubles were allocated to support agriculture this year, I believe. That is five times more than last year, and 10 times more than in 2014. It is important to make good use of that money and to achieve the best value for the money spent.

Tourism, of course. I have no doubt that with the opening of the Kerch Bridge tourism will increase dramatically. I would like the high-tech industry to develop in Crimea without harming the environment and to create high-tech and well-paid jobs. There is an issue here. Salaries and incomes in Crimea are below the national average. In Russia, the figure is about 35,000 rubles on average, whereas in Crimea it is 24,000, perhaps 24,500, and a little more in Sevastopol – slightly above 25,000. But I am sure these numbers will level out.

We need to take the necessary steps to ensure that at least in the federal government bodies at the regional level salaries are equal to the national average.

I have no doubt whatsoever that in a while it will level out.

By the way, there are Russian regions where income levels are lower than in Crimea. But,

in view of Crimea's potential, I am certain there will be growth in this important social area. We need to resolve issues that have remained open for decades. I am referring, primarily, to healthcare. It is necessary to build a good hospital, a clinic in Simferopol. An advanced clinic will soon be built on the southern coast of Crimea outside Yalta. There is a problem with personnel training, because people have never used such equipment. However, this issue is being addressed. Let us combine our efforts and work on it together.

**Yevgeny Primakov:** Yevgeny Primakov, Mezhdunarodnoye Obozrenie [Global Review], Rossiya 24, VGTRK.

Mr President, the world is going through a period of fundamental change. We saw the expression of popular will, when people vote against old political concepts and old elites. Britain voted to leave the European Union, although it remains to be seen how the Brexit issue will pan out. Many say that Trump won because people voted, among other things, against the old establishment, the people they have become sick and tired of.

Have you discussed these changes with colleagues? What will a new global landscape look like? Do you remember what you said at the General Assembly when the UN celebrated its 70<sup>th</sup> anniversary? You said, 'Do you understand what you have done?' Where are things headed? We are still locked in a confrontation. You have mentioned the exchange about who has the strongest army. At his farewell news conference, Barack Obama, who is still your colleague, said that 37 percent of Republicans sympathise with you and hearing this Ronald Reagan would have rolled over in his grave.

**Vladimir Putin:** Hearing what?

**Yevgeny Primakov:** That 37 percent of Republican voters sympathise with you.

**Vladimir Putin:** Really?

**Yevgeny Primakov:** Yes. And if Ronald Reagan had heard it, he would have turned in his grave.

By the way, we as voters very much appreciate your power and that you can reach as far as Ronald Reagan. Our western colleagues often tell us that you have the power to manipulate the world, designate presidents, and interfere in elections here and there. How does it feel to be the most powerful person on Earth? Thank you.

**Vladimir Putin:** I have commented on this issue on a number of occasions. If you want to hear it one more time, I can say it again. The current US Administration and leaders of the Democratic Party are trying to blame all their failures on outside factors. I have questions and some thoughts in this regard.

We know that not only did the Democratic Party lose the presidential election, but also the Senate, where the Republicans have the majority, and Congress, where the Republicans are also in control. Did we, or I also do that? We may have celebrated this on the "vestiges of a 17<sup>th</sup> century chapel," but were we the ones who destroyed the chapel, as the saying goes? This is not the way things really are. All this goes to show that the current administration faces system-wide issues, as I have said at a Valdai Club meeting.

It seems to me there is a gap between the elite's vision of what is good and bad and that

of what in earlier times we would have called the broad popular masses. I do not take support for the Russian President among a large part of Republican voters as support for me personally, but rather see it in this case as an indication that a substantial part of the American people share similar views with us on the world's organisation, what we ought to be doing, and the common threats and challenges we are facing. It is good that there are people who sympathise with our views on traditional values because this forms a good foundation on which to build relations between two such powerful countries as Russia and the United States, build them on the basis of our peoples' mutual sympathy.

They would be better off not taking the names of their earlier statesmen in vain, of course. I'm not so sure who might be turning in their grave right now. It seems to me that Reagan would be happy to see his party's people winning everywhere, and would welcome the victory of the newly elected President so adept at catching the public mood, and who took precisely this direction and pressed onwards to the very end, even when no one except us believed he could win. (*Applause*).

The outstanding Democrats in American history would probably be turning in their graves though. Roosevelt certainly would be because he was an exceptional statesman in American and world history, who knew how to unite the nation even during the Great Depression's bleakest years, in the late 1930s, and during World War II. Today's administration, however, is very clearly dividing the nation. The call for the electors not to vote for either candidate, in this case, not to vote for the President-elect, was quite simply a step towards dividing the nation. Two electors did decide not to vote for Trump, and four for Clinton, and here too they lost. They are losing on all fronts and looking for scapegoats on whom to lay the blame. I think that this is an affront to their own dignity. It is important to know how to lose gracefully.

But my real hope is for us to build business-like and constructive relations with the new President and with the future Democratic Party leaders as well, because this is in the interests of both countries and peoples.

That poster over there says "Give the floor to Vologda optimists." Vologda optimists, please go ahead. Mr Peskov, sorry to break your plans. We must finally listen to what greater Russia has to say.

**Question:** Mr President, this is about import replacement. Something you talked about a lot today, something our economy relies on. If we remain independent, we will win; if we fail, we'll have problems.

Now the question: Do you think it might be possible in the nearest future to establish a club of manufacturers in Russia, an association of the most prominent representatives of business who have achieved the greatest success in import replacement? Here is why I am asking. Suppose, in a small municipality there is a business that has set up a phenomenal production line, rolling out world-class quality products at a profit, all in a very short time. How does it spend this profit? On two things. Firstly, it invests it in production development, thus promoting further development and expansion of production. Secondly, it donates these profits for the restoration of Orthodox churches. So here is the question. Such people must be recognized somehow, because they have literally invested millions, hundreds of millions of rubles - and by provincial standards you can imagine that this is a lot of money. These people's motivation should be of interest and relevance even at the federal level, to the federal government and you personally. What

do you think about this?

**Vladimir Putin:** I would like to thank those people who are engaged in such projects, helping to restore our historical and spiritual values. This applies not only to Orthodox churches, but also to synagogues, and to other religious buildings in all our traditional religions, including Islam, including Buddhists. Here in Moscow, by the way, there are problems with Buddhist temples, I am aware of it, and we will for sure help with that.

As for import replacement, you said we either win or we have problems. But problems always exist and they always will. But there is no doubt we will win. And here's why. Because this so-called import replacement is already bearing fruit. For instance in industry, our imports have declined by 10 percentage points, from 49-something, to 39 percent. This is a very serious change. We have made significant steps in import replacement for a variety of industries: the pharmaceutical industry, the chemical industry, the light industry, heavy machinery, and road machinery (nearly 100 percent Russian-made). We have major changes indeed. Let alone the defence industry, which has seen serious internal structural changes. This is especially important to our achieving technological independence.

About agriculture. We have discussed the increase in inflation over the past year. This year, with the growth of agricultural production, inflation has become significantly lower (for a number of other reasons, but due to improved agricultural performance as well). Therefore, I have no doubt that we will achieve the desired result. We are not going to be isolated. The Russian economy certainly has to be part of the global system if we want to grow - and we do want to grow and develop the high-tech sector. And this will happen. But where there is the possibility of restoration or recreation, or any innovative steps that are entirely within our control, especially in the high-tech area, we are definitely going to go down this path and I am sure we will achieve good results, the results we want.

**Dmitry Peskov:** Sovetsky Sport, please.

**Nikolai Yaryomenko:** I am Nikolai Yaryomenko from Sovetsky Sport.

We are the oldest sport newspaper in the country, 92 years. We have seen a great deal. But we write about more than just scores, medals and seconds. We are concerned about the country's future in sport, and it appears, unfortunately, that we care more than some of our officials do. We have seen that some officials were fired or moved to other posts after the publication of Mr McLaren's two reports, even if not immediately. Can we say that the doping situation in the country is improving thanks to these personnel reshuffles? Will it improve, or are the actions taken towards this end not enough yet?

My second sub-question is: Can the mega-monster, WADA, be reformed or should it be replaced with some other organisation? It is not a strictly sports question, as many people see a political component. Is there a political component?

Thank you.

**Vladimir Putin:** Let me begin with doping as such and the problem of doping. First, Russia has never created - this is absolutely impossible - a state-run doping system and has never supported doping, and we will do our best to prevent this in the future. I wanted to repeat this as my first point.

Secondly, like any other country, we have a doping problem. We must admit this and by doing so, we must do everything in our power to prevent any doping. As such, we need to closely cooperate with the International Olympic Committee, WADA and other international organisations. We will do this. I hope that the ongoing changes, which are not only about personnel but are systemic and structural changes, will help us achieve these goals. In addition, the Investigative Committee and the Prosecutor's Office are investigating all cases of alleged doping, and they will bring these cases to their logical conclusion.

As for the so-called whistle-blowers who ran away from the country, grass up everyone or make up things, I would like to say a few words. I do not remember exactly the name of the person who fled Russia. He headed the Russian Anti-Doping Agency. But where did he work before that? In Canada. And what did he do after that? He came to Russia and brought all kinds of nasty stuff with him, while serving as a high-ranking official. It is hard to imagine that he managed to cross the Canadian or US border carrying banned substances without being detected. You know what it means. Many of you have crossed the US and Canadian borders, there are very strict controls there. He travelled back and forth many times to bring this nasty stuff here. It was his personal undertaking, he forced people to take these substances, and even came up with some sort of sanctions against those who refused to do so, for example, the swimmers. When he was exposed, he escaped law enforcement, fled, and started slurring everyone in order to protect himself and secure a place in the sun in hope of a better life. At a certain point he will get what he wants. But after that, just as it happens to any rascal, they will drop him. Nobody needs people like this. Why did he not fight here? This makes me think that somebody was behind him. They waited for a certain moment and started spreading these false stories. But this does not mean that Russia does not have a problem with doping. We do have this problem, and we must fight it. We must acknowledge this, and in doing so we must focus on athletes' health.

As for WADA, I am not entitled to assess its performance. It is up to the International Olympic Committee to do it. However, as I have already said, operations of any anti-doping agency, including WADA, should be completely transparent, clear and verifiable, and we must be informed about the results of their work. What does this mean? This means that the international sports community should know who is to be tested, when and by what means, what the results are and what measures are being taken to punish those responsible, what is being done to prevent such incidents in the future. What's going on? Are we talking about the defence industry? No. But in this case it is unclear why everything is so secretive? This should be an open process. They always ask us to be transparent. Transparency is very important in this area.

I cannot fail to agree with what a number of legendary athletes said about the recent decisions to cancel major competitions in Russia. They said that nobody knew anything. But if it was known before, why was it made public right now? You know, politics are always involved in cases like this. Just as culture, sport should be free from politics, because sport and culture should both help bring people together instead of driving them apart.

**Kristina Liver:** Kristina Liver, regional newspaper *Altaiskaya Pravda*, Altai Territory.

Mr President, I would like to ask you about regional loan debt. We all know that this is a big issue.

My second question is, are there plans to give more independence to the regions regarding their financial possibilities?

Let me add to this that Altai Territory's state debt comes to 6 percent of the region's own budget revenue. This is the lowest figure in Siberia and the sixth best result in Russia as a whole. Mr President, will the state authorities support regions that do not get into debt, do not borrow from commercial banks, live according to their means and pursue a balanced financial policy?

Thank you.

**Vladimir Putin:** The Government supports all regions. For donor regions we try to create the conditions they need to remain donors. We help them to develop infrastructure, for example, like in the case of Moscow Region and Moscow. We have done a lot to develop Moscow Region's infrastructure. It is enough to look at the latest developments in the transport sector in Moscow and Moscow Region.

It is the same for other regions too. Take St Petersburg, for example, where the Western High-Speed Diameter motorway has just started operation. This is a ground-breaking new piece of transport infrastructure for the entire north-western part of our country. There are good examples in other regions too.

As for regional debt, yes, this is a serious issue. Under Government and Finance Ministry rules, a region's debt should not come to more than 50 percent of its own revenue. In this respect, Altai Territory really is in a very good position. This indicates that the regional authorities are carrying out a balanced and highly professional budget policy.

As it happens, only five regions have not kept to this principle, and these regions do need particular support and attention, of course. Overall though, the issue is a serious one. Combined regional debt comes to more than 2 trillion rubles today, though the Government is taking necessary measures to resolve this problem. This year, if I remember well, a little over 380 billion rubles was spent on refinancing these regions' loans, taking their debts away from commercial banks and putting them into Finance Ministry loans instead, which are accorded for long-term periods and at a symbolic one-percent interest rate. This work will continue and we will make the needed resources available for this purpose next year as well.

**Steven Rosenberg:** Steven Rosenberg, BBC News. Thank you. I'd like to ask a question in English. Is that okay?

Mr President, your country has been accused of state-sponsored hacking with the aim of influencing the results of the US presidential election.

And President Obama has hinted very strongly, he thinks that you are behind that. He said that not much happens in Russia without Vladimir Putin.

And President Obama revealed that he told you personally to cut it out. So, what did you tell him in response? And can you confirm that you were warned by Washington not to tamper with America's election, warned in a message via the so-called Red Phone, the crisis line between your two countries?

And finally, just coming back to the point about Donald Trump's tweet yesterday. Are you not concerned there is a danger of a new arms race, if America is talking about boosting its nuclear arsenal? Thank you.



**Vladimir Putin:** The United States paved the way to a new arms race by withdrawing from the Anti-Ballistic Missile Treaty. This is obvious. When one party unilaterally withdrew from the treaty and announced that it would be building a nuclear umbrella for itself, the other party either has to build the same umbrella (which seems unnecessary to us considering the questionable effectiveness of this programme), or develop efficient means of overcoming this missile defence system and improving its own missile strike system, which we are doing successfully. We did not concoct this. We have to respond to this challenge.

Speaking about our progress (and we have advanced significantly), yes, we are progressing, but within the boundaries of our agreements. I would like to emphasise this. We are not breaching any terms, including START III. We abide by all the agreements regarding the number of nuclear delivery vehicles and warheads.

Just recently, US observers came to our nuclear plants and watched how we produce missiles and nuclear devices. Do you all remember that? Instead of maintaining our relations in a similar fashion, the United States withdrew from the Anti-Ballistic Missile Treaty. It was not we who did it.

Yes, we have made progress in improving our nuclear triad systems, including the means to break through missile defence. This system is currently much more effective than missile defence, it is true. Perhaps this is what is prompting the United States to improve its own nuclear arsenal. Well, this is what they are doing.

Take, for example, the replacement of tactical nuclear weapons based in other countries, including Europe, including your own country, Great Britain. This is happening. I hope that the audience of your programmes and online readers are aware of this. American tactical nuclear weapons are being replaced in Turkey, the UK and the Netherlands. So if anyone is instigating this arms race, it is not us.

But I would like to stress that this is also very important for our domestic consumption, for domestic policy. We will never be dragged into an arms race to spend more than we can afford. I already said in my answers to several questions in the beginning that defence spending amounted to 2.7 percent of the budget in 2011 and 4.7 percent this year but next year we plan 3.3 percent and, eventually, 2.8 percent by 2019. We will maintain this bar because we have already taken some necessary measures to move towards modernisation that must bring us to the point where 70 percent of the armaments will be new and advanced by 2021. Now the advanced weapons amount to almost 50 percent, with around 60 in some segments and 90 percent in the nuclear segment. Therefore, we are satisfied with the current progress. Everything is going according to plan.

As concerns interference and what we discussed with President Obama. You may have noticed that I never speak about the private conversations I have with my colleagues.

First, about the interference. I already responded to one of your fellow journalists from the United States. The defeated party always tries to blame somebody on the outside. They should be looking for these problems closer to home.

Everybody keeps forgetting the most important point. For example, some hackers breached email accounts of the US Democratic Party leadership. Some hackers did that. But, as the President-elect rightly noted, does anyone know who those hackers were? Maybe

they came from another country, not Russia. Maybe somebody just did it from their couch or bed. These days, it is very easy to designate a random country as the source of attack while being in a completely different location.

But is this important? I think the most important thing is the information that the hackers revealed to the public. Did they compile or manipulate the data? No, they did not. What is the best proof that the hackers uncovered truthful information? The proof is that after the hackers demonstrated how public opinion had been manipulated within the Democratic Party, against one candidate rather than the other, against candidate Sanders, the Democratic National Committee Chairperson resigned. This means she admitted that the hackers revealed the truth. Instead of apologising to the voters and saying, "Forgive us, our bad, we will never do this again," they started yelling about who was behind the attacks. Is that important?

As concerns my conversation with President Obama, again, it is my rule to never talk about this in public. I am aware that his aide recently made a public statement regarding that conversation with Mr Obama. You can ask my aide, he will answer. Mr Peskov is here.

"Environment". This is important.

**Sergei Lisovsky:** Mr President, thank you for the opportunity to ask you a question.

I want to wish you a happy New Year and good health. The same goes to all our colleagues in the audience and, in general, everyone in this country.

I have a strategically important question which deals with Russia's development in the sphere of environment. You declared the year 2017 the Year of Environment. I am aware of it, and I had published in the newspaper the text of your Executive Order on the State Council meeting scheduled for December 27 that will discuss a strategically important topic - Russia's environmental development for future generations. This is the first time it is being articulated in the ideology at the official level that the environment is for future generations.

Here's my question: won't officials fail to live up to the upcoming Year of Environment? As far as I can remember - and I have been publishing the newspaper for 17 years now... Allow me to introduce myself - Sergei Lisovsky, editor-in-chief of the *Society and Environment* newspaper. I have been publishing it in St Petersburg for 17 years now. From my experience I can see that officials failed to live up to the Year of Environment in 2013. I asked you this question during the G20 meeting. You admitted it and said that you will fix it. There's a transcript on the kremlin.ru website.

**Vladimir Putin:** You got me.

**Sergei Lisovsky:** I have a specific proposal. I have extensive experience in this area. I would like, if possible, to attend the State Council meeting on December 27.

I have a specific proposal and a question. Is it possible to open environmental departments at the embassies of the Russian Federation so that they could articulate Russian domestic policy for external consumption? I believe that the West is no longer concerned about the environment and engages in anything from manipulation, wars, and revolutions around the world, whereas the issue that the West proclaimed in the 1990s - sustainable

development – has gone down to something like 105<sup>th</sup> position on the list of their priorities. On the contrary, Russia is taking the environment to the forefront. This is my first point – to open these departments.

My second point is probably very important for Russia's domestic policy. We need to change the information and environmental policy on our TV toward environmental and patriotic policy. Because you can see just about anything there from all kinds of shows and glamour which destroys young people's minds. If instead we offer environmental and patriotic broadcasts, they would formulate a holistic outlook on the world, and we wouldn't have to deal with different consequences, such as corruption or other bad things. That is, people would be healthier. Hence, my question. Thank you.

**Vladimir Putin:** On the one hand, you said that everything failed in 2013. On the other hand, you said that we are doing a lot to protect the environment, and attacked our Western partners a bit because they do little in that regard.

I cannot agree with you that the Western countries, the United States and Europe, are paying less attention to protecting the environment than before. The best evidence of this is the efforts of the French President to promote the adoption of the Paris agreements on reducing atmospheric emissions. France did an enormous amount of work in this area and not without success. We agreed to limit emissions, and this was a complicated issue. Russia made fairly stringent commitments and I do not doubt that we will comply with them. For the time being it is difficult for me to say to what extent other countries will follow suit. We must still deal with the matter of implementing these agreements. We are ready for this in practical terms. We will have to see what the accords on implementing these agreements will be like technologically, but we will deal with this.

In our domestic policy, environmental protection has obviously been and will remain one of the main components of our entire work. We must leave an environmentally prosperous country to the future generations. I am quite concerned about pollution and huge dumping sites. Quite recently, at the Russian National Front Forum we discussed this in detail. Right now I will not take up too much time of all those present – there are other matters to discuss – but you know that the Government has a definite plan on this issue and we will be working on it all.

Forest conservation is another area. Obviously, we will not be able to do without changes to current regulations. Naturally, we must provide raw materials for the timber industry as well as jobs for the people employed by it. However, we must be equally concerned with forest protection because if we do not do this, if we do not take care of forests and parks in towns and around large cities, we will soon have nothing left at all, because removing forests from these places is the easiest and cheapest thing to do – they have the roads and other infrastructure.

This task requires a very serious, thoughtful approach and analysis involving such organisations as yours and the media. I am very grateful to you – both to you and your colleagues who are engaged in this work. They snoop around forests and are not afraid of axes. Indeed, this work is like combat. I am hoping we will continue this work in cooperation with you. I would like to invite you to attend a meeting of the State Council. Mr Peskov, make a note please.

**Dmitry Peskov:** Yes, will do.

**Vladimir Putin:** The word “Pensions” is written there. It is a very important issue. Please.

**Yulia Izmaylova:** Hello. My name is Yulia Izmaylova, editor with the newspaper Molodoi Leninet, Penza.

My question concerns the categories of people who are allowed to retire early. We hear about a growing number of cases in which these people, including teachers and medical personnel, have to turn to the courts to defend their right for an early retirement. This brings me to my question: has the need emerged for the system of early retirement to be reformed? If possible, can you tell us what pensioners should expect next year?

Thank you.

**Vladimir Putin:** Since you are concerned with this matter, you should know that not long ago, in the 1990s and early 2000s, the size of pensions did not depend on the length of service or the amount of wages. We applied a one-size-fits-all approach, and many people pointed to this, and said that this was unfair.

We have made major changes. What exactly did we change, and what is the basis of the current pension system? It rests on three pillars: the length of service, the size of wages before retirement, and the age at which a person decides to go on pension and formalise his or her pension rights. These are the three elements underlying the new pension system. They will remain unchanged, and we will be guided by these fundamental principles to further improve our pension system.

As for early retirement, it is true that we should pay more attention to and more thoroughly analyse this issue. There are very many groups of people who are allowed to retire early. I will not jump ahead and talk about our plans, but I will tell you that any innovations in this area should be discussed in public and should only be adopted after a thorough analysis. We will proceed very carefully.

As for the near future, I can tell you that early next year, all pensioners, including military retirees and comparable categories, will each receive a one-time payment of 5,000 rubles, irrespective of the size of their pensions, just as we planned. By the way, 5,000 rubles is a bigger sum for many categories of pensioners than the potential indexation of their pensions throughout the year. We have approved sufficient budgetary allocations next year to index retirement pensions to actual inflation in 2016 on February 1. In other words, we will resume operation in compliance with the relevant law. I believe that social pensions will be indexed on April 1.

**Dmitry Peskov:** How about TASS News Agency? The media heavyweights have been left out in the cold so far.

**Veronika Romanenkova:** TASS News Agency, Veronika Romanenkova.

I have a question on Ukraine. The Ukrainian crisis has evolved into a frozen conflict. There is a feeling that the two sides have stopped hearing each other. Where is the way out of this deadlock? There is the Normandy Format. How effective is it? Was there any desire to change anything? Do your meetings with the leaders of Germany, France and Ukraine help resolve anything? By the way, what do you think about the prospects for visa-free travel between Ukraine and the European Union?

**Vladimir Putin:** Thank you.

Another colleague has a poster with 'Ukraine' written on it. Please, ask your question too, and I will try and answer them all at once.

**Dmitry Peskov:** By the way, this is a journalist from Ukraine who has been working in Moscow for a long time.

**Remark:** Thank you.

**Vladimir Putin:** You're welcome.

**Question:** I am not sure that you will be able to combine the two questions.

Mr Putin, in recent years your country under your leadership has caught so many Ukrainian citizens that even world-famous film directors are asking you to free a Ukrainian director. As a Ukrainian reporter, I would like to ask you to grant clemency and release Ukrinform reporter Roman Suschenko, since cases brought against Ukrainian nationals seem to have a political agenda. Under the torture that Crimean commandos Zakhately and Panov had experienced anyone, including me and even you, would admit to being a Ukrainian spy.

I would like to ask you a specific question. You have said on a number of occasions that you felt compelled to protect the Russian-speaking population in Crimea and Donbass. Last year you said that it was never a secret that you had sent people to Donbass to deal with military matters. Could you clarify where this is mentioned in the Minsk Agreements, and do you understand that if you retire someday, Ukrainians will still view Russians as occupiers.

Thank you.

**Vladimir Putin:** It would be good to begin by making sure that the Ukrainian army is not viewed as an occupying force in Donbass, which is Ukrainian territory. This is what matters. This is my first point.

Secondly, as for freeing people. We are doing all we can to release people detained by both sides. The fuller this exchange will be, the better.

There was a time when President Poroshenko proposed exchanging 'everyone for everyone.' I fully support this approach. It later turned out that there are some details in this 'everyone for everyone' formula that do not suit all of Donbass representatives. What are these details? In fact, Ukrainian authorities consider the detention of people in Donbass to be illegal. At the same time, there are many people imprisoned in Ukraine whom the Ukrainian authorities consider to be lawfully convicted, and refuse to put them on the exchange lists. This is the crux of the problem. If we are to have this exchange, there should be a decision to pardon these people and free them all. Otherwise, it would be very hard to agree on anything.

On the subject of directors and journalists, the latter should do journalism and the former make shows and films.

Regarding the detained Ukrainian military service personnel and military intelligence officers, no one tortured or beat them. It is easy enough to check the confessions they have made. It should be no difficulty for the media to check whether they are military intelligence

officers or not. They have given full details, not just their names and registration information, but the names of their units, commanders, the units they served in, the missions given them, and their addresses and meeting places on Russian soil, including in Crimea. They have given all this information. This provides a whole range of information and the different elements confirm each other. This all has to stop. If the political will can be found to do this, it will be easier to resolve the other issues.

Coming back to journalists and movie directors, of course no one wants to detain journalists if they are simply carrying out their professional duties. But what are we to do with a film director if he is preparing to commit terrorist attacks, and this was proven in court? Are we to let him go simply because he is a movie director? But how does he differ from a career military intelligence officer planning to do the same thing? If we let a film director go today, will we have to let go career intelligence officers preparing terrorist attacks tomorrow? What difference is there between them in this particular case? Do we let one go today and have others come tomorrow? We need to agree that all of this must stop, and only then can we start considering amnesties. I don't have anything against this idea.

I didn't answer the question from TASS.

You were certainly right. It is hard to combine questions.

*(Addressing Veronika Romanenkova)* What was it there? The Minsk agreements, the Normandy format, and what else?

**Veronika Romanenkova:** Your opinion on the possibility of introducing visa-free travel between Ukraine and the European Union.

**Vladimir Putin:** The Normandy format has indeed not proven especially effective. It remains only to regret this lack of real effect. But this is the only mechanism we have at present and I personally think that work in this format should continue. If we abandon this instrument, the situation would worsen quite rapidly, and we would not want this to happen.

As for visa-free travel to Europe for Ukrainian citizens, I fully support it. Moreover, I think visas in Europe are a Cold War anachronism, and need to be abolished as quickly as possible. So if Ukraine, Ukrainian citizens are allowed to travel to Europe visa-free, I think it would be a step in the right direction. But as far as I know, we are only talking visas that do not give the right to work. So the question is, will the inflow of Ukrainian workers increase anyway? It certainly will. In Russia, according to preliminary data alone, there are 3 million Ukrainians. If they can go to Europe without a visa and earn a little more, people will certainly try to move there, even from Russia, let alone from Ukraine. This will put a serious burden on the labour market in Europe.

On the other hand, there might be negative implications for Ukraine as well. Without the right to work, Ukrainians coming to work in Europe will find themselves in a very humiliating position. This means that they will have to work illegally, that is, they will arrive, say, for three months under the visa-free agreement, then go back to Ukraine, check in and go back immediately. This means that they will work illegally. This means that they will not enjoy social protection or any protection, for that matter. They will be subjected to serious exploitation. And that is bad. Therefore, if they allow visa-free entry, they need to give work permits as well.



**Fuad Safarov:** Fuad Safarov, Sputnik news agency, Turkish office.

Mr Putin, for the first time, Russia and Turkey have succeeded in resolving a major important issue with Syria without involving the West. I am referring to Aleppo. So, Russia and Turkey have such potential. But will Ankara and Moscow be able use this potential in the future? Will Iran, Russia and Turkey withstand the insidious games in the Middle East? This new triangle, this alliance – will it be able to play a key role in settling the Syrian conflict?

Allow me to ask a second question. You and Mr Erdogan reached an agreement on Syria in October 2015, but it was an informal agreement. Then a Russian plane was shot down. In June, relations began to normalise. That was followed by a coup attempt. Today, Russia and Turkey have begun to collaborate on a settlement in Aleppo, but the Russian Ambassador was murdered in Ankara. Do not you think this is a coincidence?

Thank you.

**Vladimir Putin:** Let us start with the final part of your question, with the tragedy that happened recently, I mean the murder of our ambassador. I think primarily, that was certainly an attempt to compromise Russia, to compromise Russian-Turkish relations. No doubt about that.

You know, I will be straight with you. I was sceptical about the idea that our aircraft was downed without the order of the Turkey's top leadership but by people who wanted to harm Russian-Turkish relations. But now after the gun attack on the ambassador, which was committed by a riot police officer, I am beginning to change my mind. Now it seems to me that anything is possible. And the infiltration of Turkey's government agencies, including law-enforcement and the army, by destructive elements is certainly deep. Right now I am not at liberty to point fingers elsewhere and accuse someone of something, but we see that this is a fact, this is taking place.

Will it obstruct the development of Russian-Turkish relations? No, it will not, because we understand the importance and role of Russian-Turkish relations and will do everything to develop them with due account of Turkish interests and, no less important, Russian interests. During the past year, or to be more precise, after the normalisation, we managed to find compromise. I hope we will be equally successful at finding compromise in the future, too.

Now a few words about Aleppo. Indeed, the President of Turkey and the President and all leaders of Iran in general played a very large role in resolving the situation around Aleppo. This involved exchanges and unblocking several areas with a Shiite majority. Perhaps this will sound immodest but this would have been simply impossible without our participation, without Russia's participation.

So, all this cooperation in the trilateral format definitely played a very important role in resolving problems around Aleppo. Indicatively, and this is extremely important, especially at the last stage, this was achieved without military action, as the Defence Minister just reported to me about this work at the final stage. We simply organised and carried out the evacuation of tens of thousands of people, and not only radical armed groups and their representatives but also women and children. I am referring to the over 100,000 people who were evacuated from Aleppo. Thousands were moved out of other

residential areas in exchange for this withdrawal from Aleppo.

This is the biggest – and I want to emphasise this for all to hear – the biggest international humanitarian action in the modern world. It could not have been carried out without the active efforts of the Turkish leadership, the Turkish President, the President of Iran and all other Iranian leaders, and without our active participation. Needless to say, this would not have been achieved without the goodwill and efforts of Mr Assad, the President of the Syrian Arab Republic, and his staff. So, experience shows that there is a need for this format and we will, of course, develop it.

I would not disregard the interests and the involvement of other countries in the region, such as Jordan, Saudi Arabia, and, of course, Egypt. Undoubtedly, it would also be wrong to approach issues of this kind without a global player such as the United States, so we are willing to work with everyone.

The next step, while we are at it, should be an agreement on a ceasefire throughout Syria, immediately followed by practical talks on political reconciliation. We suggested Astana, Kazakhstan, as a neutral territory, and the President of Turkey agreed. The President of Iran also agreed as did President Assad. President Nazarbayev has kindly agreed to provide this venue. I very much hope that we will manage to put it on a practical footing.

Channel One, please.

**Anton Vernitsky:** This has become a tradition: I tried three times during the previous news conference as well

Mr Putin, Anton Vernitsky, Channel One. I have a question about the internal situation in Russia, namely, taxes and fees.

There are taxes, such as income tax and real estate tax, which have been gradually increasing over the past five years and will reach their peak at some point – they increase by increments of 20 percent.

However, in addition to taxes which we all pay regularly, there are fees that are very similar to taxes, but are not. For example, fees for the capital repair of buildings. On the face of it, healthcare services look free, but some of the services are provided for a fee. Education, kids go to school for free, but some additional education is also provided for a fee. Take parking, for instance. Vehicle owners have probably gotten used to paid parking in downtown Moscow, but paid parking is already coming to suburban commuter areas.

Are you aware of what is happening in this area? Should we be expecting more surprises here? Thank you.

**Vladimir Putin:** You know, you need to distinguish between taxes and non-tax fees. Taxes are made up of three components: personal income tax, vehicle tax and property tax, which are still the world's lowest.

Let us begin with the 13-percent personal income tax. Of course, you are aware that when we introduced the flat rate of 13 percent in 2001, there were lots of doubts. I, too, had many doubts. I was concerned that the budget would lose revenue, because those who earn more would pay less, and whether there would be social justice, and so on.

I have already mentioned it several times, but, as I see, I should say it again. The outcome of introducing a flat 13-percent personal income tax was that personal income tax collection has increased by a factor of seven. Those funds go to the treasury and are then distributed to address social issues – this is what social justice is all about.

Can a differentiated individual income tax system be introduced? It can. Maybe that will be done one day, but right now I do not think it would be sensible. Because as soon as we do this, the first step would be followed by the second, third and fifth, we would get entangled in this differentiation and in the end this would lead to tax evasion, and budget revenues would decline.

Regarding social justice, it can be achieved by other means, without changing the flat tax system. How? Such decisions have already been taken. This applies, for example, to raising the tax on expensive transport vehicles. This has already been done, and the system can be fine-tuned. Raising the tax on expensive property. That has also been done, and the system can also be fine-tuned, and so on.

Now the second component: non-tax levies. Do I know how that happens? Of course I do. Do I know the intricate details of how this works? Of course not. But is this even possible? You see, this is not a tax system. These are tariffs and levies that are set either at the level of municipalities, of which there are thousands, or at the level of federal entities: it is very difficult to keep track of everything there. This is a problem – now I will talk about how we plan to deal with it – because the burden is really growing.

How should this problem be addressed? In any event, it is necessary to see what is happening in this area. To this end, the Government has received its instructions, and next year, I believe by June, what is known as a registry of non-tax levies will be created so that we can have a clear understanding of what is going on in the country, in the regions and municipalities with respect to this burden, and regulation will be exercised accordingly.

Regarding regulation at the federal level, let me remind you that we have frozen tariffs. We proceed based on the idea that, say, a derivative of energy and heating tariffs will be reflected accordingly in housing maintenance and utilities rates, which is extremely important.

However, the main method of controlling tariffs in this area is to reduce inflation, and as I said at the beginning of our conversation today, last year it was 12.9 percent and this year it will be the lowest on record in the entire modern history of Russia. If we maintain our efforts to bring it down and, for example, reach a level of four percent, that will significantly stabilise the tariff situation.

Mr Peskov, take a look, you have a better view – you sit higher up. As the Chinese say, “he who sits higher sees further,” and they are right.

**Dmitry Peskov:** Perhaps we should hear the Kuzbass miners?

**Andrei Zheltukhin:** Good afternoon Mr President. My name is Andrei Zheltukhin and I represent the news site 142, which is part of the holding company Kuznetsky Alyans. I have questions on two issues of concern to our region’s people.

Firstly, the M-53 Baikal federal highway crosses the centre of Kemerovo and this creates big problems in the form of traffic jams, accidents, road wear, and exhaust fumes. Kemerovo is

probably the only city beyond the Urals that does not have a bypass road. Our company's founder and long-serving director, Mikhail Shkuropatsky, is even ready to take the initiative and collect money to build a bypass road, but this will obviously not be enough. My question is, can the federal authorities do something to help resolve this problem?

My second question deals with the coal sector's development, a subject of concern to me, of course. It is believed today that coal is a polluting fuel that damages the environment and should therefore be abandoned, but no one wants to hear about the new technologies that exist, and yet today's modern coal power plants have technologies that capture all harmful emissions. What is your view on the future of Kuzbass and Russian coal? Thank you.

**Vladimir Putin:** First, concerning infrastructure development. In this case, the issue covers many different areas, infrastructure development itself, and resolving environmental issues. We always support projects of this kind. If someone is ready to co-finance these projects, let me assure you that we will do everything possible to support them at the federal and regional levels. We will definitely examine the proposals that come in from the regions and will do all we can to ensure these projects go ahead, all the more so in a region like Kuzbass, where we know there is a serious burden on the environment. This is my first point.

Second, as for coal and its future as a primary source of energy, there is much talk about the need for a transition to alternative energy. By the way, Russia is moving in this direction, including hydrogen fuel, wind and solar power. We are working on all these issues. I have recently visited a RUSNANO company where this cutting-edge forward-looking technology is used.

At the same time, I would like to draw your attention to the fact that the European Commission, for example, has decided to scale back subsidies in these areas. Why? Because it is very expensive. Of course, these technologies should be improved. But for now they are quite costly, and they are surely less efficient compared to traditional energy sources. Here is what I would like coal miners, as well as other colleagues, to hear: today more coal is used across the world than oil and gas combined. Well, maybe not necessarily oil and gas combined, but it is certainly ahead of natural gas, and maybe even oil and gas combined. This goes to show that coal remains a key element in the global energy mix.

You were right to say that the latest technology should be used in order to make coal more eco-friendly. I know that Kuzbass is acting along these lines. Many industrial companies across the world and in Russia implement high-technology processing methods to create new products, including coal dust that can be used in the wider energy industry. I am confident that if we move in this direction Kuzbass and coal miners elsewhere will have a bright future and a lot of work. Of course, this is related to the overall economic development in Russia and beyond, including the metals industry.

Unfortunately, the metals industry has somewhat contracted both globally and in Russia, and there are some challenges that need to be addressed. However, I am confident that it has a future.

**Dmitry Peskov:** RIA Novosti, regarding oil.

**Yelena Glushakova:** As a follow-up to my colleague's question. Yelena Glushakova, RIA Novosti.

I have a question about oil. What will happen with it? What do you think will happen to oil prices? The current price is \$40–\$50 per barrel. Is that enough for the Russian economy? Will the Russian budget cope with reduced oil production, which we agreed to as part of our agreement with OPEC? What price of oil, do you think, is the best for the Russian economy?

**Vladimir Putin:** Today, as far as I know, Brent is selling not at \$45, but \$55, I checked this morning. I have already mentioned that we are drafting a budget based on conservative estimates of \$40 per barrel. If you go back to the first questions of today's agenda, as the bureaucrats say, then I can tell you that we got the results that we did due to the fact that the real situation was worse than our forecasts, because we drafted the 2016 budget based on oil prices of \$50 per barrel, but it ended up being \$40. Despite that, both the GDP trends and inflation have changed, and we have kept our reserves. So, this is a significant factor in the overall analysis of developments in our economy. The global economy is worse off, but our performance is better. This means that the economy has adapted and will continue to grow.

Now, about the prices and their impact on us. No one can say for sure, this is a complex issue which depends on many variables, and predicting them is almost impossible. Our Ministry of Energy has already provided its forecasts. We believe that the excess oil will leave the market in the second half of 2017, and oil prices will stabilise. We hope they will stabilise at their current levels.

Now, with regard to how our economy will respond to a decline in oil production, I can say that we took this step deliberately. We have a relatively high "production shelf" as of the end of this year. The decline in production, which we have committed to, stands at 300,000 barrels per day for the period from January to June. This will be a smooth reduction, which will have almost no effect on the overall production volumes, which is absolutely acceptable for us. However, we expect that this will lead to an increase in oil prices, which has already happened.

If this state of affairs remains unchanged, how will it affect the budget and our companies? The \$10 difference in oil prices would mean additional budget revenue of 1.75 trillion rubles. For oil companies, despite declining production, the difference of \$10 in oil prices will provide an additional income of 750 billion rubles. That is, everyone will win in the end. This is the first such OPEC decision over the past eight years, I believe.

Of course, this result would not have been possible without our good will to work in conjunction with OPEC. We will continue to cooperate with OPEC, meaning we will meet our obligations. However, we are not OPEC members, and while we maintain contacts with them, we, as we meet our obligations, are free from any other commitments until we achieve common results. So far the results are evident, we are striving to achieve them. We believe that such cooperation is beneficial both for the countries that are not members of the cartel, and for OPEC itself.

**Marat Sagadatov:** Hello, Mr President.

Marat Sagadatov, editor-in-chief of newspaper Za Suverenitet Rossii [For Russia's Sovereignty], Ufa.

Let me start by thanking you on behalf of our readers for all you are doing to strengthen our defence capability and for the fight you are leading to restore and bolster our country's

sovereignty. We hear you very clearly, and when you say that some might wish to live in a state of semi-occupation, we certainly do not, and we do not want a weak government controlled from abroad, – we agree with you completely.

As we see it, our country has internal issues that we could describe as follows. Of late, the media have started making frequent use of the word ‘war’ in combination with various qualifiers – cold war, hybrid war, information war. But the word ‘war’ remains the main word here. In a war situation, our people, who have a good genetic memory, always recall our history and the past wars we fought and always won, even if we encountered losses and setbacks on the way. Our memories return us to more recent history – to the Great Patriotic War.

Comparing that time with today’s situation, the following question arises. Our economy, industry, ministries and agencies often follow the rules laid down by international organisations and are managed by consulting companies. Even our defence enterprises have foreign consulting firms auditing them. You raised the issue of NPOs (non-profit organisations) at one point, and we went on to learn of foreign influence and foreign agents. But the consulting issue has not been addressed.

Our readers ask if it is not time to do some import replacement in this area too, and is it not up to us to decide what development course to take and what we need to do? These issues concern not just the economy but, regrettably, spill over into the ideological sphere, too. There are a great many issues in this area. In other words, the stream of imports that came flooding into our country brought with it numerous problems, which have already been mentioned today, and we saw our traditional values getting trampled underfoot. We think there is a need for some ‘import replacement’ in this area, too.

Given that this issue has become ever more urgent of late, I would like to know if any measures are planned in this area?

Thank you.

**Vladimir Putin:** You are talking now about economic sovereignty – an extremely important issue.

As for patriotic sentiments – you are from Ufa, aren’t you? – we know well the sentiments in Bashkiria. It has always been this way by tradition in Bashkortostan, even in olden times. Let me recall that during the 1812 Patriotic War, Bashkiria armed, mounted on horses and sent to the front its entire male population starting from age 16. It did the same in the Great Patriotic War of 1941–1945. We should certainly be proud of this and support this.

As for economic self-sufficiency, as I have already said, this concerns not only import substitution but also the independence of our financial system, bank cards, interbank settlements, and so on. There were many elements that we considered immutable and immune to potential political differences.

However, it turned out that this was not the case and that we were simply cheated: when it was necessary to exert political pressure, they instantly started using economic levers. Therefore, we should bear this in mind, especially when it comes to our defences.

As for consulting and various rating agencies, which is no less important, we should,



of course, think it over. This is a complicated issue. It is abundantly clear that we should establish our national rating agency and develop our own consulting service. We are doing this and the only problem is that these structures must be absolutely transparent and absolutely accepted by the business community. Otherwise their activities would be pointless.

If we remove all our partners from the market without creating similar structures that enjoy the respect and recognition of our businesses and international business, our entrepreneurs will sustain certain losses. This is the case, because everything that will be brought to grass, as miners put it, all information released by our domestic companies will not be considered by potential investors, if these companies are not recognised worldwide. This is a bad story, as this may lead to a cut-down on investment, and not only foreign investment but our own investment as well.

However, we do need to move forward and enhance our sovereignty in this area, and we will certainly work on this.

Let us give the floor to the Poles. This will probably be about the difficulties and tragedies of the past, referring to the airplane [crash]. What would you like to know?

**Andrzej Zaucha:** Good afternoon.

Andrzej Zaucha, TVN, Poland. Indeed, two years ago I asked you here in this hall about the plane wreckage. You said you would talk to the Investigative Committee. Here is what I would like to know: How did they respond? We know that they responded and that the investigation is continuing. However, unfortunately, seven years have already passed since the tragedy. Perhaps all studies and examinations have been completed and so only a political decision is needed to hand over the wreckage. Maybe that should be considered? Of course, this is entirely in your hands.

And another point. Recently it has often been said that Poland is moving away from the European Union. There are similar trends in other European countries. From your perspective, is a weak Europe more convenient, more beneficial for Russia? Is Russia using all these disagreements, conflicts and problems within the European Union to its own advantage or is that not the case?

**Vladimir Putin:** I will begin with the first question. Indeed, the Investigative Committee is conducting an investigation and until it is over they need the plane wreckage. This is the first point.

Second, regarding the essence of the matter. Listen, all the speculation on this issue needs to stop. A terrible tragedy happened. I personally read [the transcript of] the conversation between the pilot and the man from the late president's security who had entered the cockpit. I personally read that transcript. The man who entered the cockpit (I do not remember his name but his name is known) demands to land. The pilot says: "I can't. It is impossible to land." To which the man from the presidential entourage who entered the cockpit says: "I can't report this to the boss. Do all you can. Land."

Listen, everything is clear. What is there to speculate on? This is a terrible tragedy. We have done our best to investigate it. This should not be used to aggravate interstate relations – that is all. Everything is clear. If there is something that is not clear, let investigative

agencies deal with that.

Now regarding the weaknesses and strengths of Europe, what that means and what our position is. No doubt, we want to have a reliable, strong and – this is not unimportant – independent partner. If, in dealing with matters related to building our relations, the relations between Europe and Russia, we have to turn to third countries or to a third country, then it is not interesting for us to talk with Europe as such.

A recent European politician said that all European countries are small states, but not everyone has realised it yet. By the way, I disagree with that, because there are great powers in Europe. I will not enumerate them now for fear of failing to mention any. We treat them accordingly. How Europe should build relations internally is none of our business.

There are two positions, and you know this better than I do: a Europe of sovereignties, a Europe of independent states with a small common superstructure or quasi-federative state. Today, the number of binding decisions on EU member countries, decisions passed by the European Parliament, is more than the number of decisions passed by the USSR Supreme Soviet that were mandatory for the Soviet republics. This is a fairly high degree of centralisation. Whether or not it benefits Europe, I do not know, it is for them to decide, not us.

The fact that there are differences over migration or some other things, that too is up to the Europeans to tackle. Of course, those European countries that oppose the current migration policy are concerned over the degree of their participation in decision making. They do not like it when someone at the top imposes solutions they consider unacceptable for themselves. It is not with us that such countries as Poland or Hungary should discuss those issues, and they are not doing that of course, they are discussing them with Brussels, with European capitals.

But no matter how relations inside Europe take shape, we are interested in developing relations with Europe and we will strive to do that. Naturally, we would like Europe to speak in one voice so that it could be a partner that one could talk to – that is what really matters to us. But if that is not the case, we will look for opportunities to talk at the national level of individual states, with each of our partners in Europe. Although that is what actually happens now: we solve some issues with the European Commission and others at the national level with individual European countries. On the whole, it suits us. The internal structure of Europe is not our problem.

**Ilona Linart:** Good afternoon. Ilona Linart, Interstate Television and Radio Company Mir. Thank you very much for your time.

Since Mir is a channel of all CIS countries, the Eurasian Economic Union is a very relevant issue for us. And here we find a paradox: while being beneficial for some of the participating countries, it is not beneficial for others.

For example, Armenia has managed to increase its agricultural exports. In Kyrgyzstan, the situation is the opposite, where the majority of farmers have gone bankrupt. How would you comment on this phenomenon?

And one more additional question for you, back to Russia this time. You probably remember the Khabarovsk animal snuff scandal that occurred in autumn and shocked the whole

country. In Russia, we have a human rights ombudsman, an ombudsman for children's rights, and an ombudsman for entrepreneurs' rights. Perhaps we should start thinking about creating the post of a commissioner for animal rights and draft the legal framework? Thank you.

**Vladimir Putin:** About animal rights – it sounds nice indeed, but dog owners, any pet owners – they do have rights. As for humanitarian issues such as the humane treatment of animals, these fall into a different regulatory domain, although it should certainly be improved.

You know, there have been suggestions about toughening some of the legislation and the general regulatory framework. I would support them, given that everything is within reasonable limits, but regulation is certainly necessary.

Now the first part of your question. In my opinion, what we are doing in terms of integration across these states should benefit all the EAEU member countries. With Kyrgyzstan, that country has certain difficulties primarily stemming from its relations with Kazakhstan and Russia in the field of phytosanitary standards, that is the problem. But in general, the sales of Kyrgyz goods in Russia have increased. The same is happening with Belarusian products in Russia, where retail volumes have increased greatly; I will not cite specific industries now, but I have seen dramatic growth, by very large percentages. Therefore, it is an extremely important, necessary and useful process for all the countries participating in this alliance.

In agriculture, indeed, there is a problem with adhering to phytosanitary requirements. There are yet unresolved issues on how this work is organised in Kyrgyzstan. For our part, we are assisting our friends in Kyrgyzstan in creating a modern system of phytosanitary supervision.

We also expect our Kazakh partners and friends to provide some help and support to Kyrgyzstan, including financial, administrative and professional support, so that Kyrgyzstan would set up a similar health surveillance system, while we would avoid importing untested or dangerous products. There is a debate going on, but there are solutions to the problem, and moreover, this can be done fairly quickly.

**Dmitry Peskov:** Perhaps we could take a question from TV channel RT, which the West accuses of every mortal sin? Russia Today.

**Ilya Petrenko:** Thank you very much.

Good afternoon, Mr President.

I would like to ask about democracy in the context of the recent election in the United States. American politicians, perhaps more than any others, love to talk about democracy. They say democracy is what makes the American people exceptional. Sometimes they say that some countries lack democracy, and they then have to share their democracy with these countries. But after this election, these same people who proudly bore the banner of 'American democracy', suddenly started saying that they have been betrayed after the result of a democratic election in their own country.

What is happening? What has gone wrong with democracy? In general, is democracy a good thing?

If you permit, I have one more brief question on an issue of concern to me personally on the human level. As you know, Oksana Sevastidi was recently sentenced to 7 years in prison for state treason. Don't you think this too harsh a punishment for the SMS this woman wrote when she saw a train carrying military equipment heading for Abkhazia?

Thank you.

**Vladimir Putin:** Regarding the court decision, it is hard for me to comment because the courts are an independent branch of power here in Russia, as in all other civilised countries. But I think this really is a rather harsh approach. To be honest, I do not know the details. If she wrote something in her SMS messages, if she just wrote what she saw and everyone else could see it too, then we are hardly talking of any real secret here.

To be honest, I am not familiar with this whole case, but I will try to take a look at it and examine the claims the court ultimately supported against her.

As for the subject of democracy, yes, there are problems. This is something we have long been saying, but our American partners always dismissed it. The problem lies above all in the United States' archaic electoral system. The two-stage election (not through direct secret ballot) of first the electors and then the electors electing the president. And then it is organised in such a way that some of the states retain preferences.

You would have to ask the American lawmakers why the system is as it is. Perhaps it was done deliberately so as to let people in particular states keep hold of their privileges. This is the American people's own affair, however, and not our business.

But it is very clear that the party which calls itself Democratic and will remain in power until January 20, I think, has forgotten the original meaning of its name. This is particularly so if you look at the absolutely shameless way they used administrative resources in their favour, and the calls to not accept the voters' decision and appeals to the electors. As I already said, this is not a good thing. But I hope that once the electoral passions have died down, America, which is a great country, will draw the needed conclusions and keep them in mind for future elections.

Mr Peskov, let's switch to chess. What's going on with chess? We should clear the air a bit.

**Denis Polyakov:** Thank you for an opportunity to ask a question. My name is Denis Polyakov. I am from the Perm Region, city of Kungur, Iskra newspaper.

In November, all Russians cheered Sergei Karyakin who made a good showing in the match for the world chess championship with Norway's Magnus Carlsen, the current world champion. In one of his interviews after the match, Karyakin expressed the hope that there will be the same kind of attention and support for chess not only at major sporting events but day to day, that chess for children and young people will be supported and the White Rook tournament will get a boost.

I would like to ask the following question. There is basically no support for chess in our Kama Region, or Kungur for that matter. We have a very good chess coach Alexander Letov but when he offers to run chess clubs in schools, he is told there are other extracurricular priorities: fine arts, dancing and the like. And probably there are coaches like Letov in other places.

So my question is: Mr President, how will we promote chess in the foreseeable future? Will chess as an extracurricular activity be given the green light? Thank you very much.

**Vladimir Putin:** To begin with, I do not think I have the right to interfere in the decisions of municipal and even regional authorities on what should be added or removed from the school programme. This is a very sensitive issue: do they need chess or not during school hours or even after school? Such issues should be resolved at the local level and they often fall within the competence of schools themselves, not municipalities.

That said, we should take pride in the Russian school of chess. We know all about Russia's outstanding chess players, such as Alekhine and our current outstanding players. We are proud of our chess players and our chess school. You know, we have established a special chess section at the Sirius centre for gifted children in Sochi, where chess classes are organised at the proper level. Naturally, this is not enough. We must promote chess throughout the country. I am hoping that the local government in Perm will also pay attention to chess and will support the coach you mentioned and all chess lovers.

As for Karyakin, he really did a great job, excellent. Magnus is a very good, outstanding chess grandmaster. Our player honourably represented Russia, our chess school. He is a fighter and I am sure victories await him in the future.

**Nikolai Dolgachev:** Nikolai Dolgachev, the Kaliningrad TV company, a branch of the VGTRK.

I am also a member of the public council for the construction of the bridge in Crimea. I would like to take up a point made by my colleague who asked the question and called it the Kerch Bridge. The fact is that we do not have an official name yet. It is called Crimea Bridge. We have the Crimea Bridge information centre. It is also called the Kerch Bridge, the Russian Bridge and the Crimea Is Ours Bridge. There are a lot of names. So here is my first question: Which of these names do you prefer and what name would you propose?

And another important point. The bridge will be built in the foreseeable future, rather quickly. What will the next super-project be? Maybe something in Kaliningrad?

Thank you.

**Vladimir Putin:** Regarding the name of the bridge, as I said, whatever people call it, that will be the name. A poll, a referendum may even be held. What is important is that there is a bridge. As to what it is called, this is important but still only a secondary matter. If some name has caught on – say, the Kerch Bridge – let it be that.

Kaliningrad has its own priorities to deal with. One is the issue of energy independence, energy self-sufficiency. It is a very important matter, related to building our relations with, among others, the European Union. The European Union has taken a decision that the Baltic countries should be part of their integrated energy system. This creates problems for energy supplies to Kaliningrad and requires additional financial resources from us in order to build a new energy ring and include Kaliningrad into that ring.

Frankly, I do not understand why this is being done, considering that there are no problems with energy supplies to the Baltic countries. Everything is working, and working well. Our European partners keep telling us that we need to forge closer ties and search for areas where we could draw closer together, but here, on the contrary, without any apparent

reason, they are disrupting relations – in this case, in the highly sensitive and important energy sphere.

Nevertheless, we will resolve the problem of stable and independent energy supply to Kaliningrad. As you know, there are plans to deliver liquefied natural gas and build corresponding power stations. The use of Russian-built small nuclear power plants is not ruled out. This is a key issue with regard to Kaliningrad's development and the creation of a power base for economic growth.

The second issue concerns road construction and infrastructure more broadly. There are many problems there to be addressed.

I have named two of them, and there are more. The most important thing we should guarantee is full use of the potential of Kaliningrad, which is the closest of our cities to our European partners, lest it fall out of the general economic context concerning the city's economic preferences – I mean its recent free zone status, now replaced with support from the federal budget. All this should be synchronised so that Kaliningrad develops on a natural basis without undermining industrial production and the tackling of social issues.

For that matter, concerning Crimea. Energy supply is one of its problems. I would like to inform you that Chernomorneftegaz has finished work to link the Crimean gas pipeline network with the Russian Federation's gas mainlines. In two or three days, we will announce that the job is complete and Russian gas supplies to Crimea have begun.

This means that even now, with peak loads, especially in winter, Crimea consumes 1,200–1,300 megawatts, of which 800 megawatts were formerly supplied by Ukraine. Presently, Crimea produces approximately 1,000–1,100 megawatts. Together with mobile power plants we have supplied, total output is slightly below 1,300 megawatts. After gas comes – and, I repeat, it will come within the next two or three days, huge amounts of Russian gas – the construction of two power plants will begin in Crimea, each 470 megawatts. This means that total production will approach 2,000 megawatts – 1,900–1,950, to be precise. If peak consumption is 1,100–1,200 megawatts, we see that approximately 800 megawatts will constitute a reserve for Crimea's economic development. It is a considerable amount for the development of the economy, industry, agriculture, recreation and tourism, that is, hotel construction, upgrading infrastructure, and so on. This is a significant event for Crimea. I hope we will make its people happy quite soon.

**Dmitry Peskov:** Caucasus Today, go ahead, please.

**Armine Ayrapetyan:** Good afternoon, Mr President. Armine Ayrapetyan from Caucasus Today, Pyatigorsk, North-Caucasus Federal District.

Today, the global community is fighting terrorism, and particularly the international terrorist organisation whose members call themselves the "Islamic State." Sadly, many in Russia use this name, primarily in mass media; but we all are aware that terrorism has nothing to do with Islam or with statehood. Do you think it would be right and logical to prohibit using the name "Islamic State," at least in the mass media?

Thank you.

**Vladimir Putin:** What media outlet do you represent, again?



**Armine Ayrapetyan:** Caucasus Today.

**Vladimir Putin:** Caucasus Today. Can you be prohibited from doing anything? I think this is a blind alley. Although I think the words “Islam” and “terror” really should not be used together unreasonably. You’re right about this.

**Armine Ayrapetyan:** Thank you.

**Vladimir Putin:** Here’s Yamal – let’s not neglect our northerners.

**Liliya Gorokhova:** Good afternoon.

Liliya Gorokhova, Sever-Press, Salekhard, Yamal.

Mr President, you have repeatedly visited Yamal and launched many projects there. Let’s be honest: Yamal is going to be a major driver of Russia’s economy for a long time to come. We have many projects, but our region is desperately lacking roads. There is a project that has long since been prepared for constructing the Northern Latitudinal Railway, and an agreement was signed with Russian Railways. Here’s my question to you as to the best-informed person: When do we start construction?

And another question, if I may. Currently, work is underway to withdraw taxes paid by donor regions in favour of less prosperous territories. Of course, help is a good thing, we all understand this, and dependency is bad. In your opinion, should this support be provided on a permanent basis, or just temporarily?

**Vladimir Putin:** You have just mentioned the necessity to implement the Northern Latitudinal Railway project. Do you think you can do it on your own? No, you can’t. This means you need help as well, right? That is why the practice of “levelling incomes of different regions,” implemented by the Finance Ministry, is the right one. And if any of the regions receives surplus profit thanks to the natural resources available in this region, we should remember that these are national resources. All citizens of Russia, regardless of the region they reside in, must have equal rights, and this can be done only through adequate revenues in the regional budgets. Currently, the redistribution of incomes is necessary to boost development.

But you’re right in saying that this shouldn’t lead to dependency. We should encourage the regions to expand their own sources of profit. I won’t go into much detail, there’s a lot to be said on that score. But this has to be done – and again, we are making efforts and will continue working on this.

As regards the project that you have mentioned and the question that you have asked – when this will be implemented: this will be implemented as soon as it is recognised that this is economically expedient, when it becomes clear that this project will generate profit. On the whole, we are very close to implementing it. This is a good and much-needed project for our country’s economy as it will diversify our transport system, ease the load on the Trans-Siberian Railway and make it possible to load at a Yamal port which is currently under construction, the Sabetta port. Many opportunities are opening up.

The port is, on the whole, already functioning. One of the largest enterprises will be established there now. The project is effectively developing. I mean Yamal LNG. It is probably one of the largest such projects in the world today. It is amazing how NOVATEK

with its European and Chinese partners, and there are still more partners, including the Japanese, has managed, under such conditions and within such a short time, to push forward the implementation of such a large-scale plan. I am happy for them and hope that they will complete everything, despite all problems that some are trying to cause them. Why? It is hard to understand. I hope that common sense will prevail and those problems will disappear. Yet, it is already clear to me now that the project will be implemented.

As major industrial projects take shape, the need for infrastructure support will increase. I am convinced that we will get down to that too. And frankly, the sooner, the better.

Let us hear from the Middle East. This young man is so finely dressed it is impossible to pass him over.

**Question:** Good afternoon, esteemed Mr President. I am Khashavi Mukhammad from TV channel Kurdistan 24.

I have the following question. As you know, the Kurds have played a big part in fighting international terrorism, and Russia today plays a major and important role in the world, particularly in the Middle East. What is Russia's position regarding the fact that the Kurds of Iraqi Kurdistan have already set out on the road to independence?

Thank you.

**Vladimir Putin:** Russia has always had good special relations with the Kurdish people. The Kurdish people have their very own complicated history. We see what is happening now in the Middle East. I can note and confirm that Kurdish combat units are fighting very courageously and effectively against international terrorism.

As for the question of sovereignty and independence of part of whichever country, our position is that we will act within the framework of international law and, ultimately, the Kurdish people will see their rights guaranteed, but the form this takes and how it will be done will depend on Iraq and on the Kurdish people itself.

We have been and remain in contact with both Baghdad and Erbil, but we have no intention of intervening in internal Iraqi affairs.

**Tatyana Melikyan:** Good afternoon. I am Tatyana Melikyan, from Lenta.ru.

Thank you very much for this opportunity.

We have already heard the word 'patriotism' today. This word has been used very frequently this year and is beginning to lose its meaning. I would like to know: do you think the authorities are going a bit too far in supporting patriotic movements? I say this because in autumn, we had all this public debate over the forced closure of a photo exhibition in Moscow and the forced decision not to stage the rock opera Jesus Christ Superstar in Omsk. It is dangerous when concepts start to erode so that hooliganism can be called a patriotic act or struggle for spirituality. I would like to know your view: is it wise to divide hooligans into 'ours', because they are patriots, and 'not ours'?

One more thing, Mr President. We heard about the teenagers arrested for torturing animals in Khabarovsk, but this is just one small episode in a huge and terrifying picture that is unfolding in our country. You spoke about animal owners' rights, but there are animals that

do not have owners and it is they that suffer from this sadism and cruelty. Perhaps something could be done next year to bring order to this area and look at how to remove these animals from the city environment and how to organise shelters for them? This is the main issue after all.

I have a big request: toughen the penalties for cruelty to animals, because this is the only way to stop this.

**Vladimir Putin:** This is what I finished with. When I spoke about the rights of pet owners, I said that, in general, we should proceed from the principle of humanism with regard to animals, including stray ones. Of course, we must address this in a civilised manner, because we are aware of attacks by stray dogs, including on children. The local authorities cannot pretend that this doesn't concern them. However, these issues need to be addressed in a civilised manner. There are many of them, I will not talk about this now, but they do exist.

With regard to patriotism and whether the government will support it, of course it will. We do not have, nor can there be, any other underlying principle.

Should there be a distinction between our hooligans and theirs? No. Hooligans are hooligans. It's important to distinguish between common sense, and the scum that forms on the crest of this wave. However, we shouldn't feed on some information phobias either. This exhibition, if no one proceeded to destroy it, was unlikely to draw anyone's attention whatsoever. On the other hand, the person behind this exhibition – perhaps some of you are aware of this – was prosecuted in the United States, but he decided that he can do things in Russia that are not allowed in the United States. The fact that the reaction was, to put it mildly, far from civilised is probably a bad thing. The authorities should take some decisions here, but the community, too, must have some internal self-restraint, which we talked about recently during a meeting of the Council for Culture in St Petersburg.

Some cultural figures have also asked me about banning the musical, *Jesus Christ Superstar*. One shouldn't feed on phobias or false information. This show didn't make it to the stage in Omsk, correct? However, one year before that, it was a success in Omsk, with many people coming to see it. Now, when they started selling tickets – they've been selling them for two months and sold only 46 tickets – the organisers decided of their own accord not to run this show. That's all there is to it. No one prohibited anything.

Generally, it is impossible to prohibit anything in the modern world. We are not going to follow this path. Indeed, this is a very delicate area, and we do need to maintain a constant dialogue with the public. I fully agree with you.

**Olga Pautova:** Olga Pautova, Channel One.

Mr President, there are only three children's hospices in our country. Moscow's first hospice has been under construction for several years. Once it is completed, terminally ill children will no longer have to stay in intensive care, fighting the disease alone; they will not suffer from the pain at home; they will stay at a place where their pain will be relieved, where their mothers will always be with them, where they can play, go outside, where they will be able to live, not just spend the rest of their days. But the construction is progressing too slowly. We often show it on our channel. The project is financed entirely with charity money. This is not enough, and they frequently run out of funds. But families with children who need

palliative care do not have time to wait. Maybe it is time for the Government to intervene and help complete the construction? This is about children after all.

**Vladimir Putin:** Maybe. But, as you said, the project was initiated by philanthropists. This is a very sensitive and delicate issue, you know. We always support these initiatives. Recently I presented a state award to a priest who has devoted his life to charity and is very active in it. And the Government is working on it too. But if benefactors start something, they should know how it ends. This is very important, in any area. If you commit to something, “if you pledge, don’t hedge.” We do say that in Russia, right? And then do not look back and turn to those who are not directly associated with a particular project.

By and large, of course, we need to pay more attention to this. I very much hope that, after we talk to you and your colleagues, after you, I mean Channel One, run the story, the city authorities will hear you, just like in other Russian regions.

**Vladimir Putin:** I can see a poster saying, “Stop Juvenile Justice.” What does this mean? Please.

**Elina Zhgutova:** Good afternoon. I represent the Ivan Chai news agency.

Colleagues, Mr President, on February 9, 2013 you attended a meeting of parents in the Hall of Columns. You said there that juvenile justice of the Western type would not be introduced in Russia without a broad public discussion. I can tell you – I know this because I also head a human rights centre – that we have a system of juvenile justice that is almost as tough as in Scandinavia.

An amendment was adopted in July after you had requested that Article 116 be decriminalised. However, this was done in a very strange manner, by introducing a formula, “close relatives,” which is a form of discrimination from the viewpoint of the Constitution. There is now a new provision with regard to bodily blows made by “close relatives.” Today, if a father slaps his child for misbehaving, which is a traditional form of punishment in Russia, he can get a two-year sentence, but if a neighbour does the same, he will be fined.

When you attended our meeting back then, we collected 180,000 signatures against the system of juvenile justice. As of now, we have collected 213,000 signatures for stopping juvenile practices in Russia under which children are taken from parents in poor families and the law can intervene in family life without good reason. And all these people ask you to meet with parents again. These parents are now standing behind me and asking you for a meeting.

**Vladimir Putin:** Well, I think we should not slap children and justify it based on some old traditions. Neither parents, nor neighbours should do this, although this sometimes happens. There is a short distance from slaps to beating. Children fully depend on adults; they are the most dependent members of society. There are many other ways to bring children up without slapping.

On the other hand, we should be reasonable too, because actions such as you describe destroy families. Like you, I am against such distorted forms of juvenile justice. Frankly speaking, I believed that my instruction had been fulfilled. The State Duma Speaker has updated me on this only recently, and he said that the related amendments had been

approved. Let us discuss this issue once again. I promise to look at this matter and to analyse the situation. Unceremonious interference in family matters is unacceptable. As for what happens in the family, let us talk about this later. *(Applause.)*

**Dmitry Peskov:** A question from Alexander Gamov, Komsomolskaya Pravda.

**Alexander Gamov:** Komsomolskaya Pravda radio station, kp.ru website, and the Komsomolskaya Pravda newspaper.

I have a somewhat pointed question, and so I hope your answer will be frank, as always. Mr President, you appoint people from your closest circle as regional governors. I made a point of meeting some of them. Komsomolskaya Pravda ran interviews with Lieutenant-General Alexei Dyumin, Hero of Russia, and Dmitry Mironov, acting [governor]. Alexei Dyumin is now Tula Region governor, and Dmitry Mironov is Acting Governor of the Yaroslavl Region.

I had the impression that you are carrying on a tradition you established about eight years ago, I think, when you appointed a stranger as the head of Ingushetia. It was Yunus-Bek Yevkurov, also a Major-General and Hero of Russia. As far as I know, he has warranted the President's confidence. I have also met the youngest governor, Acting Governor of the Kaliningrad Region Anton Alikhanov. He is 30 years old. And I wonder: do you make such appointments on purpose? Will this presidential tactic and practice survive in future gubernatorial appointments? And why did it appear? Are you wary of the local gubernatorial staff, in connection with the notorious arrests?

Last but not least – my colleagues won't let me tell a lie – media outlets, including my Komsomolskaya Pravda, are discussing whether Mr Putin is training Dyumin and Mironov. Is that so? What are you training them for, Mr President? For some distant goals? And what are your goals?

Thank you very much.

**Vladimir Putin:** My goal is the wellbeing of Russia. How can we reach this? We should tackle the economy and the social sphere, and provide the defence potential and security. Proper people are needed to do that.

How many constituent entities are there in the Russian Federation? Eighty five. And how many people did you mention now? Three. Were they, or are they, all that prominent within the entire gubernatorial body? I mean the people elected at the President's bidding in certain Federation entities. Let's see what is going on there. Here is the answer to the question of whether we trust the so-called local personnel. We do trust them, of course. An overwhelming majority of the Russian Federation regions are governed by people from those regions, an absolute majority. But there are occasions when the elite needs new blood. That is evident. To that matter, the regions' population demand a certain replacement of the regional elites.

You mentioned two or three names, but even the latest changes concerned more people. What about Gaplikov, appointed to Komi? And what about the Kirov Region appointment? They are all young enough, and efficient. And what about the new head of Sevastopol? They are all energetic, young and, to my mind, promising leaders, who have shown good results. So selections are made according to personal and career qualities, which give grounds to expect that these people will cope with their duties. I very much count on this.

As for their prospects, it depends on them and on the public's opinion of their work. Mr Dyumin had worked for six months, I think, in the Tula Region before 85 percent voted for him. That was a good achievement, but it is not enough. Now he should prove his worth in practical work. The same concerns my other colleagues, starting with Sevastopol, the Kirov Region or Yaroslavl.

I talked recently with a legendary person, [the first woman cosmonaut Valentina] Tereshkova. She said: "How wonderful it was! Thank you very much for finding such a man for our Yaroslavl." Such are the first indications of the right man for the problems he will address. Thank God! I wish them every success in their work, for the good of the people of these regions.

**Sebastian Rauball** (*retranslated*): I will ask my question in German.

Thank you very much for the chance to put a question. How do you see 2017 in terms of relations with the West, looking at the possibility of a new start in Russia's relations with the USA? Now, following the terrorist attack in Berlin, do you think it is perhaps worth looking at improving relations?

I have a second question. Yevgeny Dzhugashvili, Stalin's grandson, who was fighting for Stalin's rehabilitation, died yesterday. In an interview, film director Kirill Serebrennikov said that he fears Stalin's rehabilitation. What is your view on this issue? Is it possible for Josef Stalin's descendants to somehow get him rehabilitated?

**Vladimir Putin:** Regarding developing relations between Russia and Europe, I already answered your Polish colleague on this subject. It was not we who initiated the worsening in relations with Europe, including with Germany. We did not impose any sanctions on European countries, including Germany, none at all. All we did was to take measures in response to the restrictions imposed on our economy. We would be happy to lift these measures if our partners, including in Europe, lift the anti-Russian sanctions, even though our farmers are asking us not to do this.

What happened after all? Let's take an objective look at the events that brought us to such a situation. Our American and European friends initially acted as guarantors for the agreement reached between President Yanukovich and the opposition, but the next day, the agreements were broken and power was seized. Instead of condemning an anti-constitutional coup and calling for execution of the agreement to which the foreign ministers of three European countries - France, Germany and Poland - had put their signatures, they supported this anti-constitutional coup.

This resulted in the people living in Crimea wanting to reunite with Russia, Ukraine losing Crimea, and the sad, tragic and bloody events in Donbass.

But what was at the start of all of these developments? It's amazing to think, but at the start of this whole tragedy was the failure to reach agreements on Ukraine's accession to, of all things, an association agreement with the European Union. How could issues of a purely economic nature end up taking on such a new dimension and lead to such tragedies?

Were we the ones who initiated this chain of events? No, of course not. We spent years asking to have this agreement's main parameters settled with us. Mr Yanukovich said too in the end that, "I want to join this agreement, but I need to reflect on the accession terms



and settle them within our own government and consult with Russia, because we have very close economic ties with Russia and we need the Russian market. We have a high level of cooperation.” But our European partners said no. How can one act that way? We therefore do not consider ourselves to blame for what happened. We did not start this chain of events.

By the way, what happened then and what is happening now? After the coup was staged under the guise of joining the Association Agreement, the association was postponed. Immediately. So, they did exactly what Yanukovich proposed to do. They dragged it out for a year or even more, then wrote that they made a decision on ratification and postponed the association once again. And what is going on now? A referendum was held in the Netherlands, and Europe does not want to implement it any more. I really don't even know what to make of this.

Now we are talking about visa-free travel for Ukrainian citizens. But it is on hold, and if it proceeds, it will be implemented in the truncated form and, obviously, will put labour migrants coming from Ukraine to Europe in a completely embarrassing position. Wouldn't it be better if they could work together, calmly and without any fuss, and reach an agreement on how to collaborate?

What kind of relations do we seek to build with Europe? We aim to resolve common problems, one of which is certainly the fight against terrorism.

We express our condolences to the families of those killed in Berlin and wish a speedy recovery to all those injured. But I have repeatedly said, including in my speech at the UN 70<sup>th</sup> anniversary session, that this problem can be settled effectively only through joint efforts. But how can we join our efforts with anti-Russian sanctions and reciprocal measures imposed and all forms of cooperation scaled down? What can be done if, for instance, our British colleagues have completely curtailed relations with Russia's Federal Security Service? So, can we talk about efficient work on the anti-terrorist track? Absolutely not. So, as a result, we take hits, heavy and painful.

I really hope that our cooperation will be restored.

**Dmitry Peskov:** Mr President, may we give the floor to Andrei Kolesnikov from Kommersant? He would also like to ask a question.

**Vladimir Putin:** Yes. He is also from the pool.

**Andrei Kolesnikov:** Andrei Kolesnikov, Kommersant.

Mr President, how would you respond to this question: why should you necessarily become the President of Russia again in 2018? And what would be your response to this question: why should you not, under any circumstances, become the President of Russia?

Thank you.

**Vladimir Putin:** He is some kind of provocateur.

**Andrei Kolesnikov:** As usual.

**Vladimir Putin:** He does this all the time.

This is an exercise in futility. My response will be standard. When the time comes I will see what is going on in Russia and in the world. Based on what we have done, what we can do and how we can do it, a decision will be made regarding my participation or nonparticipation in the presidential election in the Russian Federation.

**Veronika Kilina:** Good afternoon.

Veronika Kilina, Nakanune.ru.

Mr President, you must be aware of the controversial situation around the Yeltsin Centre in Yekaterinburg. What is your position on the discussion that was started by the well-known film director Nikita Mikhalkov? May I remind you that he criticised the Yeltsin Centre for the exoneration of Vlasovites and the distortion of history. Do you agree that this must not be permitted? And what would you say to the people who are indignant about the fact that all of this is being paid for with money from the state budget?

Thank you.

**Vladimir Putin:** You know, I have met with Mr Mikhalkov, Valentin Yumashev and Tatyana Dyachenko, and we discussed the issue. Perhaps there are matters that require, let us say, careful consideration. They are related primarily to the way information about the history of Russia is presented; not only its recent history, from the beginning of perestroika to the present, but history as a whole, in the broad sense of the word. My colleagues agreed with me that there is probably a need to put certain things into focus.

But in general, do you know what I object to? I am against endlessly blowing up these issues. There is nothing wrong with the fact that this discussion is unfolding. This is perfectly normal. Some people take a positive view, some take a more liberal position on the ongoing events and prospects for development, while others are more conservative, more traditionalist. We have always had our national loyalists and Westernists. Some people consider themselves to be national loyalists. However, as we recall the events of 1917, as we are to observe the centennial of the revolutionary events next year, in 2017, we should move toward reconciliation, rapprochement, not toward division, not toward inflaming passions. This is what I would say in response to your question.

**Maxim Rumyantsev:** Maxim Rumyantsev, Free Journalism Centre, Yekaterinburg.

Mr Putin, I will follow up on the subject of environmental protection.

Rosatom is building strategic facilities under a federal targeted programme. Today ISIS-like environmental cells are operating in Russia but they are staging industrial terror against the background of the fight against the issue of ecology. These people have nothing to do with environmental protection, and some groups have been identified as foreign agents.

I would like to know how you filter the appeals that are continuously being sent to the Presidential Executive Office.

This industrial blackmail is interfering both with Rosatom and other industrial enterprises. In our Ural Federal District this system of manipulation has replaced public and political opinion: I am referring to the Tominsky ore mining and dressing plant. In other words, foreign agents and these NGOs, including environmentalists, have been sent to an advanced enterprise that is to be built in Chelyabinsk Region.

And my last point: I would simply like to make a request on behalf of the residents of the village of Serebryanka that was completely isolated from the rest of the world last year. I saw elderly people buying groceries on credit. Their money is in Tagil, which is 70 km away from their village, and they have no way of getting there. The authorities promised to build a road in 2018, but how are they supposed to live until this happens, especially in the muddy season in autumn or spring?

Thank you.

**Vladimir Putin:** As for your last remark, I will certainly draw the Governor's attention to this and I hope he will respond, in cooperation with the local authorities.

Needless to say, this is absolutely inadmissible. Regrettably, such things happen in the country and they are not so rare. It is a great pity that the local authorities, including regional leaders, are neglecting such problems. People should not feel isolated from the life of the country, no matter where they live, and must certainly have access at least to the elementary blessings of civilization.

Now about environmental groups, and how we separate those who are sincerely striving to preserve our nature from those who want to make money on it.

You know, this is not even about foreign agents, although environmental groups are sometimes used by our competitors to slow down a growing segment or a Russian infrastructure project, as in your case, and so on.

I remember very well how foreign governments "charged" some environmental groups during the construction of some marine or port infrastructure facilities. We knew for certain how much money was spent on disrupting various projects that are now in operation, thank God. However, this does not mean that we should neglect environmental issues. This applies to Rosatom, possibly above all.

However, Rosatom is one of the world's leading companies, and its modern, post-Fukushima technology is recognised by the IAEA and international experts as the safest in the world. This is an absolutely obvious fact. We have taken into account all disasters in the Soviet Union and the rest of the world in this area. We have developed truly safe technologies, but nobody is immune to the abuse of environmental issues.

I remember very well a conversation with one of my foreign friends. An old buddy of his, who worked in an international environmental group, told him: "Pay us 30 million dollars or euros. You'd better give it of your own free will, and everything will be okay. You're better off agreeing." They held a meeting of the board of directors and decided to pay and paid. We know such things happen, and bear it in mind. How do you respond to this? Certainly, not by brushing it aside. Regrettably, this cannot be ignored. There is only one response: a comprehensive professional study of the matter in terms of its economic feasibility and environmental safety.

**Ekaterina Vinokurova:** Mr Putin, I realise that I looked a little ridiculous, but in addition to a question, I have a request that is a matter of life and death for some people. I hope this will excuse me.

My name is Ekaterina Vinokurova, Znak.com.

I will begin with a question. Mr Putin, I always watch your speeches, and I listened carefully to the Address as well. You say good things that are impossible to disagree with. However, the next day everything starts going in exactly the opposite direction.

**Vladimir Putin:** Everything? That's impossible. To say that everything goes either right or wrong is a very radical approach.

**Ekaterina Vinokurova:** I will provide examples.

**Vladimir Putin:** Do please.

**Ekaterina Vinokurova:** For example, our good comrades nodded their heads when you said in your Address that responding aggressively is inadmissible and the wrongdoers must be punished. Here in St Petersburg, a colleague of mine, a photographer from *Kommersant*, David Frenkel, was beaten up by someone from NOD.

**Vladimir Putin:** From where?

**Ekaterina Vinokurova:** NOD: the National Liberation Movement led by Evgeny Fyodorov, which acts under openly aggressive slogans calling for cleansing the government, and so on.

Or, for example, the Sorok Sorokov movement, who claim to be Orthodox Christians, but, in fact, preach views that make other people turn away from the Orthodox Church. They were very aggressive in defending the construction of a church that was opposed by the locals, also believers, by the way. They insulted the people to the point where the locals began to respond, and then they wrote a complaint about offence of the feelings of believers. All of that despite your repeated statements about the consolidation of our society and that the ties that bind our society have to do with reconciliation rather than aggression.

Or, for example, you mentioned in the Address that we are sensitive to injustice, lies and self-serving interests. For instance, we see that the great Igor Sechin ... *Vedomosti* found out that he is about to build a house in Barvikha, and Igor Sechin, instead of building a more modest house, because he is an employee of a state-owned corporation in a poor country, sues *Vedomosti* and demands that the entire circulation be destroyed.

Another example (I am nearly finished). During a news conference several years ago, you said that you were in favour of electing mayors. Mr Putin, are you aware that mayoral elections in major cities were canceled 18 months later? The question is simple: Mr Putin, your elite is openly challenging you. They nod approvingly to everything you say, tell you how great and wonderful you are - and everyone ...

**Vladimir Putin:** Stop, stop right there. (*Laughter*)

**Ekaterina Vinokurova:** This is a simple and straightforward question, Mr Putin. Why is it that you say one thing, but in practice we see, too often, something different? Is this some kind of creeping coup?

Secondly, my request. Mr Putin, RBC reporter Alexander Sokolov has been kept in a pre-trial detention centre for more than 18 months now. The charge that we hear in court is delusional and makes no sense whatsoever. We do not see any fairness on behalf

of the security officers, judges, nor do we have any hopes for justice.

There's another case of a woman named Evgeniya Chudnovets, who posted on VKontakte [social network] a video showing a boy being bullied and asked the police to do something about it. She was put behind bars for that and was sentenced to real time in prison. Mr Putin, please, we have to do something about the sadistic skew of our justice. Please, we must save these people. Thank you very much.

**Vladimir Putin:** About the prosecution bias in justice in Russia. You know, we have recently taken a lot of decisions aimed at humanising our legislation. This applies to criminal law, to administrative offenses, and additional measures are being taken now. These are fundamental things that we are doing consciously, and we will continue this work.

As for someone expressing extreme views or acting radically - Russia is a large and complicated country, you know. Some would radically defend liberal values and organise provocative exhibitions, and they say they are doing it deliberately to draw attention to their actions, to their art. Here, too, there must be moderation, right? There must be moderation in all things. The same can be said about the so-called patriots. I said we would support patriotic movements, assuming there is no distortion. The balance of things should be determined within society.

As for the specific persons you mentioned, I have to be honest, I have never even heard of them. I will look it up, I promise, I have no idea if their verdicts were fair or not.

About the construction projects implemented by business representatives, including those from state-owned companies, the extravagant-looking real estate - I agree with you, they need to be more modest, you are right. I told them so many times and I hope they will hear me. This also concerns their bonuses, their incomes. Even if the law allows it, they need to understand the country we live in, and try not to annoy people.

As for the various claims you mentioned, after all, it is up to the court to decide if it is a fair claim or not. If an individual goes to court seeking protection of their business reputation, honour and dignity, the court shall determine the degree of guilt or lack thereof. As far as I know about the case, Sechin claimed several billion or something like that from RBC. The court agreed that he was right, but the amount was 360,000, truly insignificant. Nothing terrible actually happened. But I must say that people often come to me, I mean, prominent figures in culture and the arts, people with very different views, by the way, and complain about journalistic terror against them - yes, of persecution, seizure, of their children being terrorised.

I would like to ask you and your colleagues, please, please be more discreet, do not interfere in the personal, private lives of public figures, artists, athletes and other such people. We all need certain rules developed, and we need to adhere to these rules on the basis of a sufficiently high cultural level in our country.

Wait a second; we have CCTV here.

**Question:** Good afternoon Mr President.

I would like to develop the subject my colleague from Rossiya-24 started. The global situation is becoming more complicated. There are refugees and terrorist attacks in Europe, the Middle East remains unstable, and now the USA has a new president. In this situation,

what new approaches should major powers such as Russia and China find to resolve global and regional problems, and how will this influence our relations? Thank you.

**Vladimir Putin:** It is common knowledge that Russia and China have very close relations. We are all familiar with the term ‘strategic partnership’, but the ties that Russia and China have developed over recent years are more than a simple strategic partnership. China is our biggest trade and economic partner as far as individual countries go. Yes, our trade turnover has fallen a little due to objective circumstances (above all, the drop in energy prices), but we are diversifying our relations and I am especially pleased to see that our trade in the high-tech sectors and in industrial production has grown significantly of late.

We have big projects in aircraft manufacturing, and good prospects in the space sector, and in energy, including nuclear energy. We have some good undertakings in infrastructural projects, and I hope they will all go ahead. We are developing [cooperation] and will continue to do so, despite the difficulties that exist – I will not go into the details now – in the transition to settling our trade and economic accounts in our national currencies, all the more so now that the yuan has become one of the International Monetary Fund’s reserve currencies, an event on which I congratulate our Chinese colleagues. We have common views on many issues on the international agenda, and I am certain that this will be a major stabilising factor in international affairs. We value our ties with China and hope to continue developing them.

**Dmitry Peskov:** RBK was mentioned today. Perhaps we should give RBK the chance to put a question? Please, give them the microphone.

**Natalia Galimova:** Mr President, I am Natalia Galimova, RBK.

Let me begin with the question I meant to ask last, but since my colleague raised the issue of the arrested RBK journalist... You said it was the first time you had heard Alexander Sokolov’s name.

**Vladimir Putin:** What did he do? What was he arrested for?

**Natalia Galimova:** A year ago, in this hall, you promised to look into his case. He is accused of extremism, but nothing has happened since then, and now he is being tried. Perhaps you were very busy and did not have time, but I do nonetheless ask you to please look into this case.

**Vladimir Putin:** I apologise for interrupting, but after the issue was raised publicly this way, it was probably the Presidential Executive Office that looked into the situation, and if the case went to court, it suggests the circumstances are not all so straightforward. But I will look into it again.

**Natalya Galimova:** Thank you.

And another question. You have just spoken of the responsibility of the media in the context of lawsuits. On the one hand, yes, but there is another side to the matter. Igor Sechin is actively suing the media: Novaya Gazeta, Vedomosti, RBC, Forbes magazine. The outcome of the court cases has always been the same. Igor Sechin wins lawsuits, while courts, with very rare exceptions, order that the articles that are the objects of his discontent be removed from websites or, with regard to Vedomosti, for example, that its entire circulation be destroyed. Do you believe that such rulings set a dangerous precedent, legitimising



the suppression of information that may not be to someone's liking?

**Vladimir Putin:** Do you have a problem with Sechin, the courts or the unreliability of your own information? You know, all of this requires careful consideration. Sechin, as well as other people who go to court – what are they supposed to do to defend their honour, dignity and business reputation? Are they supposed to come and fight you with a stick or what? They go to court, just as in any civilised society. How objective these rulings are, frankly, I do not know. He sued RBC for 3 billion, but the court ordered RBC to pay him 300,000. This 300,000 is a paltry amount for RBC. I do not think that it will seriously affect the holding's financial and economic operation. However, to look at this from a somewhat unexpected angle, generally it is good that the press keeps bureaucrats and representatives of big business, including companies with state participation, on their toes. However, this should be done only within the bounds of the law.

**Natalya Galimova:** But what about the decision to destroy publications?

**Vladimir Putin:** Frankly, I cannot pass judgment. If this decision is based on law, is within the bounds of law, well, then it should be carried out.

**Natalya Galimova:** May I ask an important question about taxes?

**Vladimir Putin:** About taxes, please.

**Natalya Galimova:** In your Address, you issued instructions to the Government to draft proposals on adjusting the tax system after 2018. How do you envision the tax system after 2018? And what will be your response to decisions or proposals to raise taxes on businesses or individuals?

Thank you.

**Vladimir Putin:** You know, in 2014 we resolved not to raise taxes on businesses. This is precisely what is happening. Despite the numerous proposals from different agencies to make an exception, we refrained from increasing the tax burden on businesses. In addition, we not only avoided increasing the tax burden, but also introduced an array of preferential tax regimes, say, for small and medium-sized businesses.

Now we are considering the possibility of exempting self-employed individuals from all payments for a certain period so that they can become legal, set up their business and see that it runs smoothly. These are important, significant steps.

We are also considering priority development areas and other tax regimes. We are talking about a special tax procedure in agriculture, where there are two possibilities of reducing tax payments – importantly, reducing them legally. We are talking about reducing deductions to social funds for high-tech businesses, including small ones, which, at the end of the day, is key to growth in the IT sector of the Russian economy. We have addressed all of that, and I believe to good effect.

Indeed, in 2018, all of this will come to an end. And today all together we should develop a plan for our work in this area for the next four years, calmly and efficiently, with the involvement of the Government and the expert and business communities, and, I hope, with the participation of RBC, since RBC specialises in analysing what is going on in business (sometimes I watch your programmes; you have very good experts). After a discussion

and a final decision, we will ensure a favourable business environment for at least the next four years.

**Dmitry Peskov:** Mr Putin, I saw a poster saying “Irkutsk. Alcohol” next to the cameras in the back of the auditorium. It is probably about the recent tragic events.

Please go ahead.

**Dmitry Lyustritsky:** Good afternoon, Oblastnaya newspaper, Irkutsk Region.

Indeed, Irkutsk has suddenly and sadly appeared in the top news story this week. I have two questions for you in this regard.

Currently, Irkutsk Region is in the vanguard of the fight against illegal trafficking in alcohol, or rather, non-drinkable alcohol-containing liquids. Yesterday, Deputy Prime Minister Alexander Khloponin put forth an action plan, which the Government is going to implement in its effort to combat this scourge. It is comforting to know that there is overall understanding that this is not only about Irkutsk Region, but is a major widespread problem, at least in Siberia and the Russian Far East. There is a proposal to introduce excise duty on industrial alcohol.

This is what it is all about. This is not only about illegal trade, the lack of excise duties on industrial alcohol or the absence of technical monitoring. There is also the enormous problem of alcohol abuse, by the population in general, because not all of the casualties come from the lower strata. There are many poor people who cannot afford store-bought vodka, so they turn to bootleggers and illegal producers.

In this regard, I would like to ask you, first, what do you think about the measures proposed by the Government with regard to the sale of industrial alcohol and the prevention of such tragedies in the future? Are there any planned measures to reduce alcohol consumption in our country and fight alcoholism as a social scourge?

Thank you.

**Vladimir Putin:** First of all, I must say that what is happening in Irkutsk is a terrible tragedy – I have no words for it – and a terrible mess, because supervisory bodies and other bodies that were supposed to be on top of the situation failed to prevent this tragedy.

Now, with regard to what really happened there. Several individuals, some of them citizens of a foreign state, organised the production of liquids for cleaning bathtubs and used alcohol in their production, which is not a poison. However, one of the group decided to make some extra cash and, the way I see it, not really knowing what he was doing, got hold (I will not use a bad word here) of industrial alcohol and used it.

Increasing excise duties and other measures proposed by the Government are a correct, but, unfortunately, belated response. It had to be done earlier.

As for the claims by the so-called – so-called in this particular case – small businesses that prices of perfumery products and all sorts of detergents will go up, we have to acknowledge that after such tragedies, such claims are not enough reason for us not to proceed with excise duty hikes. You may be aware that a few days ago, I issued additional instructions to the Government, and we are seeing the reaction now. I hope that all of this taken

together will give us the desired result and will help preserve the lives and health of our citizens.

Now about alcohol abuse. Yes, indeed, it is a problem. However, oddly enough, it may not be as bad as in some other countries, particularly, Northern Europe.

What we need is a package of measures that must be implemented – and they are being implemented. These measures may not be prohibitive, although some restrictions may apply. There is a poster here that says, “Are there booze joints around the Kremlin?” I am not sure about the Kremlin, but there must be no such spots near schools or childcare centres. Such decisions have been taken, and it is important that they are implemented in full.

We must continue to pursue intensive and multifaceted efforts to prevent mass alcohol consumption. This includes educational, morale building and related efforts by the media as well – please support us in this endeavour.

This is a critical area of our work, and our demographics depend to a significant extent on it. Generally, this is one of the key areas of our joint work.

**Remark:** May I ask a question about love?

**Vladimir Putin:** Love? We need to finish already.

**Dmitry Peskov:** It has been over three and a half hours.

**Vladimir Putin:** And love will quickly turn to hate if we stay here too long.

Georgia. The young woman who raised a poster.

The kvas question is no less interesting, of course – they raised a poster there. (*Laughs.*)

**Dmitry Peskov:** That is last year’s story.

**Vladimir Putin:** But we will get back to that.

Go ahead, please.

**Tamara Gotsiridze:** Tamara Gotsiridze, Maestro TV.

Cultural and economic relations have resumed recently, but in general, we have stopped progressing. We all know the reasons for that, too: territorial issues between us remain. Do you believe there are prospects for political dialogue, or will we maintain the current status quo for a long time?

One more thing, if possible. You commented on the visa-free entry to the EU for Ukrainian citizens. The same travel regulations will apply to Georgia. Would you say that your comment on Ukraine also applies to Georgia, because Europe will open visa-free entry for the citizens of Georgia sooner than Russia? Thank you.

**Vladimir Putin:** Your phrasing at the end was tricky, you know. I actually said that visas in Europe are an anachronism. Whether we are talking about Ukraine or Georgia, I believe that everyone should travel visa-free.

As for Russia and Georgia, travel restrictions were introduced for a reason, not for the fun of it, after the conflict. I would like to note, though it might seem trivial, that we are not the ones to blame. We did not start the fighting in South Ossetia. But anyway, we all need to think about normalising relations, and I do not rule out returning to a visa-free regime for Georgian citizens in Russia. It seems to me that there is good reason for that, as we now see certain signals from individual authorities in Georgia.

It is important to establish normal relations between special services and law enforcement agencies to ensure joint efforts in the fight against terrorism, so that visa-free travel does not damage our security on the antiterrorism track. I think this is quite possible.

Anyway, let us talk about kvass. What is the situation? Last time or the time before, we already discussed kvass. Let us continue. No to vodka, yes to kvass.

**Vladimir Mamatov:** Thank you very much, Mr Putin. Vladimir Mamatov from Kirov, that is, Vyatka.

Special thanks to you for kvass, because it is exported to China and the United States.

**Vladimir Putin:** It is an unlimited market.

**Vladimir Mamatov:** Nothing would have happened without your support. Whenever you come to our plant, I guarantee you will see a crowd there.

The problem is different. The new Governor (Gamov spoke about the governors who are your people), Igor Vasilyev, wants to establish a venue for Kirov goods, because if I come to you with every Vyatka brand, we will have news conferences for the next 300 years. We have many brands to take pride in.

**Vladimir Putin:** You think we will live that long?

**Vladimir Mamatov:** I am an optimist, I am always an optimist.

**Vladimir Putin:** Fine.

**Vladimir Mamatov:** Mr Putin, we have many things to be proud of there. He wants to establish a venue for Kirov brands. It takes an hour by plane to get from Moscow to Kirov, or a night by train, like from Kirov to St Petersburg.

**Vladimir Putin:** But what do you want from me?

**Vladimir Mamatov:** Just a moment (*Laughter in the hall*). I apologise for taking up people's time.

We actually want to restore the VDNKh (Exhibition of National Economic Achievements). Make Kirov Region a pilot venue with our local producers presenting local goods there. Then we could modestly ask whether the President can support this. And whether we can do this on a national scale? There is the "Made in Russia" office. It essentially represents a virtual VDNKh on the internet.

**Vladimir Putin:** Are you referring to the VDNKh in Moscow?

**Vladimir Mamatov:** Absolutely.

**Vladimir Putin:** Yes, this is what is happening there now. If you visit it, you will see that VDNKh is coming back to life again, thank God. Just recently it only had some shabby markets that emerged out of nowhere. So, if you have an idea regarding the presentation of your goods, I believe this can be resolved. Sergei Sobyenin is sure to hear us. We are ready to prompt him, so he could discuss the presentation of your goods with his colleague.

One of the economic development areas is this work in the market, in new markets and in restored old ones.

**Vladimir Mamatov:** May I refer to your support?

**Vladimir Putin:** Yes, of course.

**Vladimir Mamatov:** Wonderful! When do you expect to visit us?

**Vladimir Putin:** Thank you very much. I will try.

**Vladimir Mamatov:** Thank you so much.

**Vladimir Putin:** We need to wrap up, otherwise we will never finish. Let us take a few more questions.

**Alexey Yeryomenko:** Thank you. I will be brief, without any introductions.

When do you expect to meet with Donald Trump? What strategic issues will be on the agenda at the first and the following meetings? What do you expect? Thank you.

**Vladimir Putin:** It is difficult to say now. First of all, the newly elected US President needs the opportunity to put his team together. Without this, I believe, unprepared meetings are quite meaningless.

What issues will be on the agenda? Issues that concern putting our relations back on track. During his election campaign, Mr Trump said that he considered it appropriate to normalise Russian-American relations. He also said that the situation would not be worse, as it cannot get any worse. I agree with him. So, together we will think about how to make things better.

Such an impressive poster: "Give me." Give you what? What do you need?

**Vladimir Gusev:** Good afternoon.

**Vladimir Putin:** Hello.

**Vladimir Gusev:** My name is Vladimir Gusev, and I represent Bloknot federal information agency.

Mr President, what do you consider your worst mistake of this year, and what would you say is your worst mistake of all of your presidential terms? Thank you.

**Vladimir Putin:** You know, I have been repeatedly asked similar questions and even exactly the same question by your colleagues.

Every person makes mistakes. No person can live or work without making mistakes. I am not going to repeat what has already been said many times, but I will try to learn from all

my mistakes and flaws so as to make fewer mistakes in the future and to work more efficiently, all together and personally.

**Alexei Khodorych:** Mr President, I am Alexei Khodorych, chief editor of Klassny Zhurnal.

In your Address to the Federal Assembly, you talked about the need to cultivate moral values in young people, which is impossible without reading. Today's children spend time watching videos on the Internet and playing videogames. Meanwhile children's magazines are the perfect tools for fostering the habit of regular reading. However, they are disappearing from libraries. We have talked with librarians, and they say their funding is shrinking and they cannot subscribe to the magazines they would like to have.

So my first question is: could the Government somehow help return children's magazines to their rightful place in the libraries?

The second question was sent to us by a young reader who loves robots - Alexander Aksenenko, 8, from Moscow. What kind of robot do you absolutely need in the Kremlin? Thank you.

**Vladimir Putin:** You know, robots are good in production, in industry. When we deal with such sensitive issues, when the fate of millions of people depends on our decisions, we absolutely have to be human. It would be difficult to use a robot, to count on it.

As for libraries in general, especially with children's books, I fully agree with you. We are trying to revive libraries in general, but on a new basis, because it is extremely enjoyable to simply come in and flip through a book; it is very important to hold a book, to feel it, even to look at illustrations, to see the text in front of your eyes. Modern media are obviously replacing conventional books. But we need to ensure that modern media offer the desired content, which would be in demand in educating the younger generation, something that leaves an imprint on children's souls and helps in forming their views and attitude to life. We need to transform libraries into new multimedia centres offering both books and the Internet.

Just as with many other sensitive issues, we need to pay more attention here. Not only at the federal level, but above all, it is primarily the regions' and municipalities' responsibility. If you need more federal help, we could think about it too, we only need to decide what kind of help. Simply transferring the money is not always the most effective form of support. But it is essential that we do it.

**Margarita Papchenkova:** "Vedomosti". We stand accused - Mr Sechin believes that we dislike him. In reality, we like him and there is something to commend him for. However, there are certain things that we see in the Government's activity and in his activity that raise questions. For example, we have big problems with the budget. It was balanced but to that end, decisions were taken to slash investment programmes, certain investment projects and increase dividends for state-owned companies.

However, there is an organisation called Rosneftegaz. Gazprom and Rosneft are major payers of dividends but not all of their dividends go to the budget. First they go to Rosneftegaz and then Rosneftegaz sends a certain portion to the budget. In other words, these funds end up in Rosneftegaz's accounts. Rosneftegaz has its own investment programme but it is fully covered by Rosneftegaz's liquidity. It is not clear why it needs



these funds.

Why is it that these funds, which are essentially public funds, do not go to the budget? They could be used for social programmes. They could be put to a more effective use. For example, for additional capitalisation of the Russian Direct Investment Fund, which has shown its efficiency and which uses this money in the economy. Why are the funds just sitting there? Maybe they should be seized?

**Vladimir Putin:** You just want to seize everything. You represent Vedomosti, a liberal economic newspaper, and you just want to “seize, grab and prohibit.”

Yes, there is a Rosneftegaz reserve fund. However, it is absolutely transparent. There is nothing non-transparent there. It is under the Government’s control. And we use it to finance certain programmes when the Government forgets that there are priorities that cannot be ignored.

For example, last year, as well as this year, science and education projects, above all science projects, will receive additional financing from Rosneftegaz. I am talking about the so-called mega-grants. These funds will also be used to address problems related to small aviation to resume building planes for regional airlines. These funds will also be used for projects related to big aviation and the development of a heavy-duty aircraft engine. We recently built an engine that had not been manufactured over the past 29 years, since the Soviet days, but we need a new engine with a greater thrust – 30-35 tonnes, which will allow us, together with our Chinese friends, to build a wide-body long-haul airplane.

These are the kinds of things – things that the Government has no money for after all the squabbling and fighting but which need backing all the same – that we will finance with Rosneftegaz funds.

That is it. Thank you very much. A happy New Year to you! Thank you very much for your patience. Good luck!

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