

# VLADIMIR PUTIN'S ANNUAL NEWS CONFERENCE

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

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**President of Russia Vladimir Putin:** Friends and colleagues,

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

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

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

Mr Peskov, please.

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

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

Here is my question. Before coming here, I reread the transcript of your last year's press conference, and there we also discussed the difficult situation developing in the Russian economy. When Vyacheslav Terekhov and our other colleagues asked you then how long it would take to get over this complicated situation, you said in the worst case scenario this would take a year or two. These were your words. I am sure you remember them. This means this would be roughly late 2016 – early 2017.

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

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

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

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

We are having something very similar.

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

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

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

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

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

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

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

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

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

growth in industrial production – 0.2–0.1 percent. Incidentally, industrial production in the Far East grew by 3.1 percent.

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

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

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

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

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

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

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

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

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

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

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

To achieve a balanced federal budget this year we used our reserve fund. At the same time, it is very important that the sovereign funds generally remain at a healthy level of 11.8 percent of the GDP. The reserve fund amounted to 3.931 trillion rubles, which is 5.3 percent of the GDP, while the national welfare fund was 4.777 trillion rubles, which is 6.5 percent of the GDP.

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank you.

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

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

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

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

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

structure. We are threatened by inflation, and they probably have deflation looming when manufacturers cannot sell what they make. That is their problem.

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

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

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

**Veronika Romanenkova:** TASS news agency, Veronika Romanenkova.

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

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

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

As for the question whether I'm satisfied or not, overall I think that the Government's work has been satisfactory. Of course, it can and should be even better. An anti-crisis plan was drafted and enacted in early 2014. I don't remember its exact title, but essentially this was an anti-crisis plan. If you look at what has been done, you can see that unfortunately 35 percent or more than one third of the initiatives listed in this plan have yet to be implemented. This goes to show that efforts on the administrative, organisational front undertaken by various

ministries and agencies did not suffice to respond to the challenges we are facing in a prompt and timely manner. However, let me reiterate that overall in terms of its strategy the Government is moving in the right direction and is efficient.

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

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

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

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

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

Thank you.

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

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

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

**Vladimir Putin:** And your question please.

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

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

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

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

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

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

You will be surprised, but we said, "Yes, we understand, and we are willing to help." You see, I had not heard about the Turkomans (Syrian Turks) before. I knew that Turkmen – our Turkmen – lived in Turkmenistan, and so I was confused... Nobody told us about them. But after we indicated our willingness to cooperate on the issues that are sensitive to Turkey, why did not they phone us via the cooperation channels between our militaries to say that during our discussions we overlooked a certain part of the border where Turkey has vested interests. They could have expressed their concerns or asked us not to hit certain areas. But nobody said anything.

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



systems that we had sent them before. Turkish planes used to fly there all the time, violating Syrian air space. Let them try it now. Why did they do it?

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

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

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

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

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

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

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

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

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

**Anton Vernitsky:** Anton Vernitsky, Channel One.

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

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

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

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

But first, it is necessary to work together on a constitution and a procedure to oversee possible future elections. It must be a transparent procedure that everyone trusts. Based on these

democratic procedures, Syria will decide which form of government is the most suitable and who will lead the country.

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

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

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

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

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

**Anton Vernitsky:** And the military operation?

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

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

At the least, we have found common ground with these people. This part of the Syrian opposition, these irreconcilable and armed people want to fight against ISIS and are actually doing so. We are supporting their fight against ISIS by delivering air strikes, just as we are doing to support the Syrian army. When we see that the process of rapprochement has begun and the Syrian army and Syrian authorities believe that the time has come to stop shooting and to start talking, this is when we will stop being more Syrian than Syrians themselves. We do not need to act in their place. And the sooner this happens, the better for everyone.

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

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

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

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

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

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

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

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

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

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

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

**Vladimir Putin:** Sorry, here's Ukraine, our sister republic. I'm never tired of saying it over and over again. Please go ahead.

**Dmitry Peskov:** Microphone to the first row, please.

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

**Vladimir Putin:** I can see that, yes.

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

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

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

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

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

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

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

EU leaders have proposed and asked me not to expel Ukraine from the free trade zone and not to strip it of preferences in trade with Russia in the hope that we will negotiate in a tripartite format – Russia-EU-Ukraine – for a year and make certain changes in various formats, so that if the EU association agreement itself is not changed, we will introduce certain amendments through additional protocols to address our concerns and guarantee our economic interests. In the period before July, we had asked a hundred times for a tripartite meeting. Contact was only established in July, you see? The result was practically zero.

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

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

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

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

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

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

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

What will this mean in practice? In practice, it means that the zero tariffs in trade between Russia and Ukraine will change to the weighted average tariff of 6 percent. Various rates will range from 3 to 8 or 10 percent. But this is not our choice. We have fought for this not to happen. But they did not want to listen to us. They did so unilaterally and in the style I just described to you. But we have to work in the conditions we have.

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

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

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

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

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

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

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

**Vyacheslav Terekhov:** No, about Russia, not Syria.

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

**Vladimir Putin:** For what?

**Vyacheslav Terekhov:** For military operations, the expansion of its military presence, for survival. In addition to this, there are more than enough other problems to deal with.

Meanwhile, resources – this is not only money and military officers. A popular expression has just come to my mind: “It’s easy to start a war but difficult to end one.”

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

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

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

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

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

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

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

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

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



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

Young lady, I promised you – go ahead please.

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

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

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

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

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

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

As for Mr Chaika, and who else? Turchak and the rest. I am aware of the reports by the media and online that, say Turchak was involved in beating up journalists. Is he the one responsible or is his father involved? There is a famous Soviet-era joke, when an HR manager says: We

are not going to promote this guy. Why? He had an incident with a fur coat. It turned out that five years ago his wife's fur coat was stolen in a theatre. Something had happened, so the guy will not be promoted, just in case. This should not be our attitude. You are right to raise this issue. No, I really mean it. This provides us with an opportunity to respond... I mean, it is our obligation to respond.

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

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

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

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

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

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

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

The charges apply to those who arrive from other districts or other regions: from the Moscow suburbs and so on. This does not mean, however, that we should not think about them at all.

And of course, the fees should have some relation to average incomes. But I repeat, these decisions are largely up to the local municipalities. The revenue from parking goes entirely, completely, one hundred percent, into the local district budgets.

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

Now, regarding other components of the auto business.

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

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

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

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

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

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

I come from a working-class family, and I know that these guys work hard driving these trucks, but we need to leave grey schemes behind. I would like to support them, believe me.

Ms Pamfilova came to see me and said that she met with them, and they are hard workers and nice people overall. However, we must shed these grey schemes, and help truck drivers out as well.

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

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

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

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

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

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

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

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

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

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

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

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

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

I have already mentioned this but I would like to repeat it. I think this is simply a slap in the face of the Ukrainian people. Not only have they been put under an external administration but they have also had to accept so-called politicians that were delegated there. By the way, I think Saakashvili was never granted a work visa to the United States but they sent him to run the show in Ukraine and he is functioning there.

What was Ukraine told? We will not only organise you – we will send people who will administer over you, people from more civilised countries – either your neighbours or from overseas.

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

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

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

Today, despite the difficulties you mentioned we notice signals from the current Georgian leaders and we are receiving them. Imagine, today Russia accounts for two thirds of Georgia's wine and wine stock exports. They are coming to the Russian market not to some other market abroad. We are importing these products as well as others and our trade has increased.

It declined a little this year due to general economic difficulties, but on the whole it is demonstrating fairly high growth rates.

As for visas, we think we are ready to cancel them with Georgia.

**Yekaterina Vyskrebentseva:** Yekaterina Vyskrebentseva, TV Centre.

Mr President, I would like to go back to Russian economic problems. This autumn, it became obvious that regional debt has grown significantly. Experts, the Ministry of Finance, the Accounts Chamber and foreign analysts are saying that one of the principal reasons for this is regional budget imbalances. For example, some regions spend up to 65 percent of the GDP to meet their social security obligations...

**Vladimir Putin:** GRP [Gross Regional Product].

**Yekaterina Vyskrebentseva:** Right, I am sorry. This leaves nothing for economic development, which, as you just said, is a key objective today.

What is the way out of this situation?

**Vladimir Putin:** Generally speaking, when all is said and done, it is in fact the primary objective of the regional authorities to meet their social security obligations to the public.

What is economic development? Economic development can and should be ensured above all by creating conditions for such development. We always cite a number of Russian regions as an example. Say, Tatarstan and Kaluga Region, among others, they are creating such conditions. Top regional officials simply give their cellphone number to major investors and say: "Call me if there is any problem." They take measures to provide tax incentives.

Today federal law provides for such possibilities: two-year tax holidays for new businesses, priority development areas, and so on. A region can grant a lot of preferences to encourage businesses to develop in a particular region.

Of course, regional budgets need funds to develop infrastructure for future investment. Indeed, there are problems related to high debt levels in certain regions. However, the government is making appropriate decisions. This year we have provided an additional 160 billion rubles from the federal budget to regional budgets – 310 billion in all. For what? For regional debt restructuring. Where commercial loans were taken out at 11–12 percent interest they can receive loans from the federal budget at 0.1 percent interest.

Next year, the federal budget will provide another 310 billion rubles for regional debt restructuring.

However, the most important thing is that these regional loans are spent on addressing primary, not secondary objectives.

What is the most important thing in terms of development? This [money] should be spent on creating new jobs, providing conditions for new manufacturing facilities, new technology and new infrastructure so that investment generates revenue that can be used to repay loans and

generate additional funding for regional budgets. Unfortunately, this is something that we still need to work on.

**Dmitry Peskov:** Let's continue. A question from OTR, the Public Television of Russia.

**Tamara Shornikova:** Thank you. Tamara Shornikova, the OTR public television network.

We asked our audience in the regions to suggest a question for the President. The most popular question was, "How can you survive on a pension or even wages without falling behind on your housing and utility payments?"

People in small towns and villages have to make a very difficult decision every month: Should they spend their pension or salary on mandatory payments and then try to live until the next pay day or not? The trouble is that the authorities claim that the average salary in their town or village is 20,000, 30,000 or even 40,000 rubles, while the people say many of them receive between 7,000 and 8,000 rubles. The low-income groups receive benefits, but not everyone is entitled to them, and not all municipal authorities have the funds to help everyone who really needs this assistance.

Maybe the Federal Government should step in at long last? Maybe there is a mechanism for doing this, and if not, one should be created, so that rent, electricity, gas and water fees do not exceed a certain share of people's income, which has been decreasing? Meanwhile, the bills keep growing.

**Vladimir Putin:** I believe that your question is certainly an issue of priority importance for millions in our country.

The OTR audience is not very large, probably, but I sometimes watch your programmes. And I want to thank the TV network team. You make interesting, substantive and solid shows in response to people's questions; you ask sharp questions and try to find answers to them. You have asked me one of such questions. They concern housing and utility fees, people's spending on these payments, and pensioners' incomes.

Let's start with pensioners' incomes. You know that the Government has adjusted retirement pensions for inflation despite last year's high inflation rate. Pensions were increased by more than 11 percent, and 10 percent for social pensions, I think.

Honestly, this was almost impossible, but we still managed to do it. Next year, all categories, including those receiving military pensions, will receive a 4 percent increase. We will see how the situation in the Russian economy plays out. I would really like 2016 indexation to be at least on par with the annual rate of inflation. I cannot say whether we will be able to do it or not, since we have to respond to the situation and simply cannot sacrifice the budget, since it would hurt everyone at the end of the day.

Now for housing and utilities. This year, rates were increased 8.7 percent on average and are expected to go up another 4 percent next year. Consequently, we expect this cost to decrease. However, this will not affect rates for building maintenance, waste removal, etc. These issues have to be tackled by the municipalities.

In addition, under the federal law, families who pay more than 22 percent of their income for utilities are entitled to subsidies. The federal law also enables regions to introduce an even lower threshold to subsidise families who pay less than 22 percent of their income for utilities. If I am not mistaken, this is the case in Moscow and many other regions.

There is no doubt that this issue deserves the most careful attention; we need to closely monitor the property management companies. A lot has yet to be done to improve this system. Make no mistake, this will be a priority for the Government and the regional authorities. It is true that we have a long way to go before we settle this issue.

Now for the system you have mentioned, and whether the system that has been proposed will be adopted or not. What is this system all about? Under federal law, there is a method for calculating the average possible increase and the possible variations both ways. This method is expected to be developed by the Federal Anti-Monopoly Service, which will be in charge of overseeing what the regional authorities are doing in this area. This is to say that not only will we monitor what the regions are doing but also how the Federal Anti-Monopoly Service carries out its functions.

**Nathan Hodge:** Thank you, Mr President. My name is Nathan Hodge, Wall Street Journal.

Now, with the sharp fall in oil prices and the economic crisis, isn't it time to privatise state-owned companies such as Rosneft and Aeroflot to fill the budget? Will the privatisation of state-owned companies improve their management and help withstand the crisis? Thank you.

**Vladimir Putin:** As we all know, privatisation of large companies solves two problems. The first problem is unrelated to fiscal issues or budget profits, although this is also important. But most importantly it changes the ownership structure, increasing the efficiency of enterprises.

As for Rosneft or Aeroflot, which you mentioned, other companies often recalled in this context, I wrote in my articles back in 2012 that it was possible, and in principle, we are going to continue this work.

We will certainly always ask ourselves whether the market conditions are right to sell these valuable assets, which, so to speak, bring positive results to the economy, the budget, say, Rosneft. It is virtually impossible to say if the situation or conditions are right, although as you know, the Government did not take a decision on privatisation this year.

Yet, I do not rule out that the government might go for these decisions to generate income and make some changes in the structure of these large companies, to avoid tapping reserves. I try not to interfere with such decisions, especially as it is not as if the government will lose its controlling stake in those companies anyway.

**Dmitry Peskov:** We have a question from a company that recently celebrated an anniversary, Russia Today.

**Ilya Petrenko:** Good afternoon Mr Putin. First, I would like to thank you again for your greetings on the tenth anniversary of the RT channel. The English Section appreciated your recent gift to Sports Minister Vitaly Mutko, an English phrasebook.



Does this mean that not just Mr Mutko but also his other colleagues in the Russian Government will need this phrasebook in the near future, considering the worsening relations with our Western partners, including our English-speaking partners?

And now a more serious question: What relations do you expect to have with the next US president? There will be presidential elections in the United States next year. Thank you.

**Vladimir Putin:** Regarding foreign languages, Russia is an open country and English is certainly the most widely used language in business, culture and diplomatic relations. English has replaced French as the lingua franca of diplomats. We encourage the study of foreign languages at schools and universities. We have programmes for training young professionals not only in Russia but also abroad, and we will continue to do so. I hope that my colleagues at the Government ministries and agencies and also in the regions will contribute to these efforts.

As for Mr Mutko, you can make fun of him, but he has no problems in this respect and is willing to work for his own improvement. Actually, this is very good. I would never have given him this gift if I did not know he would take it in stride and not develop a complex. You can make fun of him, of course, but you must admit that he knows what he wants and how to get it. He is working to improve, which is not easy. It is one thing when you start learning a foreign language as a child, and it is quite another matter when you do it at a mature age. By the way, learning a foreign language is very good brainwork. In fact, it is the best form of 'brain jogging.' I hope my colleagues will listen to me and do this too.

And your second question?

**Ilya Petrenko:** It is about the next US president.

**Vladimir Putin:** The next US president. First, we need to figure out who it is going to be.

No matter who he or she may be, we are prepared and willing to develop our relations with the United States. I think the recent visit by the US Secretary of State showed that the United States is willing to make certain moves towards jointly addressing issues that can only be resolved together. This is already a sensible position. We have been supporting it in every possible way and will continue to do so in the future.

We are never closed to this, no matter whom the American people elect as their president. It is them who are constantly trying to tell us what we should do in our country, who should get elected and who should not, and what procedures to follow. We never meddle in other people's affairs. They say it is dangerous to do so in America. They say that if foreign observers get closer than five metres to a line of voters, they could end up in prison. We are not doing even that, right? We are open and will work with any president voted in by the American people.

**Yevgeny Dzichkovsky:** As a follow-up to the question about Mr Mutko. The government is spending big money on professional sports. Senior citizens will agree with me. There is a parable that you can feed a hungry man by giving him a fish or a fishing rod. We are giving our sport a big fish, a sturgeon, to try to promote the prestige of our country, but then this doping, which they have regularly caught us red-handed with. What we get instead of boosting our image is a blow to the country. Who will be held accountable for this? So far, we

have seen two token resignations and the actual disqualification of our athletic federation. Who will answer for this, what do you think? Also, please say a few words about the corruption scandal at FIFA. Should we be looking for Western ulterior motives in this, or is it simply a hunt for bribe-takers? Thank you.

**Vladimir Putin:** There are underhanded dealings, of course, there is no way to get around it. Most importantly, as I have always said, no country should or has any right to extend its jurisdiction to other states, especially international organisations. This does not mean that we should not fight corruption. Of course, we should. But we believe that seizing foreign nationals around the world and dragging them to their country for an investigation and then a court trial is unacceptable.

What should we do in this regard? It is imperative to maintain an equal, transparent, and open partnership with all countries. Not to impose your own jurisdiction on anyone else, but just work with everyone in an honest and open manner. I hope that someday we will get there. We will go from the efforts to establish domination to cooperation, including the fight against corruption.

The investigation will show whether or not FIFA is involved in corruption. There are no results from this investigation yet. Someone out there is confessing, while others refuse to talk.

As for Joseph Blatter, he is a very respected person. He has done a lot for the development of world football. His contribution to the world's humanitarian sphere is enormous because he has always tried to treat football not as a sport but as an element of cooperation between countries and peoples. He is the one who should be awarded the Nobel Peace Prize.

As for the choice of this or that country and potential problems – we do not know anything about them. We know one thing for sure – that we received the right to host the World Cup in an absolutely honest competition. It is not our problem that when, say, FIFA officials arrived before the voting, someone at the top level simply refused to meet with them.

At that time I was Prime Minister and I put all other things aside and met all my FIFA colleagues. We took them on a tour around the country and showed them where we would have stadiums. They met with the regional leaders and they explained how important football is for us although it was not at the world's best level.

Nonetheless, we explained how important it is for the development of mass sports in Russia. We showed how many people love football in our country and how we planned to develop it. FIFA listened to us and made its decision on the World Cup in 2018 based on these considerations rather than some corruption-driven motives. If you remember, I did not even attend the voting procedure. I arrived after it was over so as not to interfere or exert any pressure. We could not even apply any pressure there. So let's wait for the results of the investigation and see who is to blame for what.

As for doping, I have expressed my attitude to it more than once. We are against any doping primarily because doping destroys human health. This is poison for people. This is the first point.

Secondly, if an athlete engages in doping he should by all means be punished for it because this destroys the very principle of an honest sports competition and interest in sports vanishes. By the way, I have huge respect for those who score high results in speed skiing. But why some people who suffer from certain diseases since childhood are allowed to take some drugs whereas others who do not suffer from the same diseases since childhood are prohibited from taking them? If an athlete has to take medicines for health reasons, he should take part in Paralympic rather than Olympic sports.

There are many problems in sports and they are not so simple. The main point is the existence of a common approach to the law in general and in this case in particular: responsibility should always be personal if it has been proved. The one who is to blame, whether it is the coach, the organiser or an athlete has to be held responsible. People who have nothing to do with violations should not be responsible for those who make them. This is simply nonsense! This is unfair and wrong! These are the principles we will fight for.

That said, Russia – and I want to say this once again – should and will be open to the joint struggle against doping. I will demand that officials of all departments and levels openly cooperate with the international agencies without concealing or hiding anything. We have a stake in this and we will follow this path.

**Inna Baskova:** Kurgan, Regionalnye Vesti, Rossiya 1 Channel. As a woman, I cannot but pay a compliment to you, Mr President, for being in such a good shape. Thank you very much for that, because our boys are looking up to you, it's true! The number of young people leading a healthy lifestyle has markedly grown.

**Vladimir Putin:** Without doping, I warn. Without doping.

**Inna Baskova:** Yes, without doping. And we would like these boys, youths... To encourage and engage them in activities in their native territory, in their region.

Kurgan Region receives 24 grants annually under the Beginning Farmer federal programme to support private farming. But that is not enough, Mr President. I am conveying the wishes of all our farmers that three times more is needed. This year, 70 people expressed a desire to start their own businesses in the agro-industrial sector, but only 20 received those 1.5-million-ruble start-up grants. Is it possible to redistribute quotas between the regions in a way that would take into account the peculiarities of Kurgan Region? Because with 20 quotas it is not possible to stop the outflow of specialists from agriculture and encourage young locals to stay.

**Vladimir Putin:** The development of the agro-industrial sector and private farming is an extremely important issue. Of course, I know about discussions between the supporters of various development trends for the agro-industrial sector. Some say that large-scale production should be developed first and that only large-scale production, and not private farmers, can provide the country with quality food products in the required volumes. But, nevertheless, without any doubt, we must also support private farming as a form of agriculture. Farmers make a significant contribution to ensuring food security. I have repeatedly said this and can confirm that all plans regarding support for the agro-industrial sector will be implemented unconditionally, including financial support.

Here you just mentioned the 1.5 million, something that can be viewed as a start-up grant for their business and maybe that is not enough, but there are also other instruments available in

Kurgan as well as in other regions of the Russian Federation. It is possible to support those who want to start their own business by means of regulation, including financial or tax policies. For example the federal law gives the right to regional governments to decide on a two-year tax exemption for start-ups.

We are talking private entrepreneurs here, sole business owners, but it is up to them to choose a legal format for their business. I can assure you, it would be a significant help. But there are other forms of support – for example, the single agricultural tax can be appropriately transformed in order to facilitate the financial and fiscal burden, we can help them create the sales infrastructure. I am referring to setting up associations which could help farmers market their produce.

Finally, there is a new and substantial support policy, something that was not in place before: the domestic market has been freed for our producers, and the growth the national agriculture is now showing – 3, maybe 3.5 percent by the end of this year – is good evidence of that. True, it reflects on the customers, as prices go up, and it is reflected in the macroeconomic indicators by hiking inflation, contributing to inflation.

But in the end, if we are in it long term, as they say, we expect to win, by which I mean a boost in agricultural production. Therefore, Kurgan, along with other regions, should look at the opportunities that the Government and legislature are creating to support the farmers as much as they can. Let's see how the situation develops. And if there is a need, it is possible to allocate additional resources. We do have such resources for 2016.

I saw a “pensions” poster. Pensions are an important issue. Please.

**Yulia Izmailova:** Yulia Izmailova, the Molodoi Leninets [Young Leninist] newspaper, the city of Penza.

**Vladimir Putin:** Molodoi Leninets is asking about pensions? It surely is thinking ahead. All right, a question from the Leninists.

**Yulia Izmailova:** The majority of our readers are senior citizens. We write a lot about pensions.

**Vladimir Putin:** Senior citizens, but they are always young Leninists. Good. Please go ahead.

**Yulia Izmailova:** I would like to hear your opinion. In February, pension indexing for working pensioners will be cancelled. Will this move to economise with working pensioners result in certain personnel problems, or growth in “off the book” income?

**Vladimir Putin:** Yes, this issue has been repeatedly debated in the Government. Let me remind you about the Soviet practice. An opportunity to work and receive a pension in the Soviet Union was granted only to people working in the economic sectors that had personnel shortages – say, junior medical personnel, healthcare specialists and culture workers. All others had to choose – either work or receive a pension.

At one time, amid the collapse of the social system and the economy as a whole, we made the decision to pay pensions to everyone. However, there are different ideas about this, including a return to Soviet practices. The fiscal gain from not paying pensions to working pensioners is

small. But this decision has not been made. What makes you think it has? Why do you say that working pensioners will not receive pensions? There is no such decision.

A decision has been made not to index [pensions for working pensioners]. However, here, too, I would like to draw your attention to this. Take a closer look at the decision and inform your readers, but I think that people will hear it now.

If a person has decided to continue working, his pension will not be indexed in 2016 and 2017 but, say, in 2018, he decides to stop working and rely only on his pension, then he will not receive compensation for 2016 and 2017 but all the same, when he finally stops working, the indexation made for other pensioners will be taken into account for this category of pensioners as well. And of course, his pension will be indexed the same as other people's pensions over this period. These decisions have been made, but the implications, among other things, for the labour market, are still under discussion, under careful consideration.

**Dmitry Peskov:** Any additional questions about pensions? Yes, I see, Rossiyskaya Gazeta.

**Kira Latukhina:** Kira Latukhina, Rossiyskaya Gazeta.

I have a question that is connected with this issue. For the past year, the Government and the State Duma have discussed increasing the retirement age, and they eventually decided that the retirement age should be increased for officials.

Will this really save money? And are there any other plans regarding the retirement age?

I also have a question about military pensioners in light of the on-going debates about cancelling pensions for working pensioners.

You said that the issue is only at the debate stage, but military pensioners, who constitute a large group of working pensioners, are worried.

**Vladimir Putin:** First, as I said, military pensions will be indexed just as all other pensions. Pensions will be increased by 4 percent early next year.

As for working and non-working pensioners, I do not remember this detail, honestly. I will look into it, but I think the rules should be the same for all pensioners, whether they are working or not working.

You know what I think about the retirement age; I have been fighting against increasing it. But there are problems, of course. As for increasing the retirement age for federal, regional and municipal officials to 65 years, both for men and for women, it will be increased gradually, every six months.

How will this work? For example, a woman has reached her retirement age, 55 years, and should retire. Well, under the new system she will be able to retire at 55 years and six months. In this way, we will gradually increase the retirement age for all officials. But it is true that the economic effect will be very small.

As for increasing the retirement age for everyone, I still think that the time is not right for this. But frankly, many people, both experts and also people on the street keep telling me that I

mean well but that it would eventually hurt the people. Why is that? Life expectancy is increasing in Russia. Back in 2005 or 2006, it was barely 65 years, while the current figure is 71.2. The number of working people who contribute to the pension system is decreasing, while the number of pensioners is increasing.

If we do not do anything now, eventually pension system revenues will decrease. This year they have shrunk because real wages have contracted, and the pension fund is made of deductions from wages. The pension system is already running a deficit, and we have to allocate money from the federal budget to cover the shortage.

I hope that this is a one-off issue, not a systemic one. However, with life expectancy on the rise, the workforce, as I have already said, is set to shrink compared to the number of non-employed. This could lead to systemic issues with replenishing the Pension Fund.

What are the possible consequences? In fact, this could result in lower incomes for retirees. The Government will be left with no choice but to reduce retirement benefits or increase the retirement age. But if this is the case, it should be done the same way as with the officials: calmly and without any haste.

When should it happen? I cannot answer this question yet. We will have to do it at some point. All the countries have already done it, I mean the neighbouring countries. However, I would prefer not to publically discuss when it should be done, because we have yet to answer this question ourselves. In any way, this is a relevant economic issue for us.

All other countries have also opted for a step-by-step approach. There is currently an age gap between those who just retired and those who retired a long time ago, and it is set to grow even more. We need to act in a timely manner so that the pension system does not collapse in five, 10 or 15 years.

What I want to say and people to hear: there is no way it will affect people who have already retired. They have nothing to do with the changes to the retirement system, no one will be forced to start working once again, even those who retired only yesterday. The law is not retroactive, so all those who have already retired are 100 percent sure to be able to fully benefit from their retirement rights.

**Dmitry Peskov:** RBC, second row. Could you pass the microphone, please?

**Mikhail Rubin:** Mr Putin, there are a number of media outlets within RBC media holding, so if I may and not to offend anyone, I would like to ask not one but a few brief questions.

**Vladimir Putin:** How many is a few?

**Mikhail Rubin:** Two.

**Vladimir Putin:** There are a lot of people in this audience.

**Mikhail Rubin:** The questions will be brief.

First, state-owned companies, which our colleague from the Wall Street Journal has already mentioned, failed to reduce salaries and bonuses for their employees during the crisis, but

these very companies are constantly asking the Government for tax breaks or funds from the National Welfare Fund. What do you say to these requests?

I'd be remiss not to ask you about Yekaterina Tikhonova who is in charge of an important project at Moscow State University. Our Western colleagues tell us that she is your daughter. Is it true and what do you think about her endeavour?

We have a big favour to ask from you personally. Our reporter has been in jail for five months now. He is the person behind a high-profile investigation of the Vostochny spaceport fraud. His name is Alexander Sokolov. He is under investigation under a nonviolent article. If I may, I would like to hand over to you, when possible, our request to look into this matter. We are concerned that the issue may deal with pressure on the freedom of speech.

Thank you.

**Vladimir Putin:** I've read online publications and other sources about Yekaterina Tikhonova and my other possible relatives and daughters.

A short while ago, everybody was saying that my daughters: a) study abroad; and b) live permanently abroad. Thank God, no one is saying this now. What they are saying now is that they — and that's true — live in Russia and have never left Russia for permanent residence in any other country. They studied only in Russian universities. This doesn't mean that they don't have contacts with their colleagues. I'm a proud father. They continue to study and work.

Someone from Russia Today asked me about languages. My daughters are fluent in three European languages. They also have conversational skills in one or two Oriental languages, and a fourth European language. They are not just fluent, they use these languages in their work. They are making the first steps in their careers, and are doing well. I tend not to discuss family-related issues. They don't engage in business or politics, just keep a low profile.

With regard to the university project that you mentioned, regardless of the names of those who are engaged in it, it was spearheaded by the rector. It's a good initiative. What does it concern? It concerns combining the capabilities of our higher educational institutions and research with the needs of our major enterprises and the national economy. Some people are running around not knowing how to place their inventions, while others are paying tons of money, billions of dollars, to buy Western technology and finished products. This endeavour initiated by the rector is the right thing to do. It's still too early to say whether it's a success or not. You should ask the rector and those who are involved in this work.

I have never been specific about the workplaces of my daughters and their line of work, and I'm not going to do so now. For many reasons, including security considerations. I believe that everyone is entitled to their own destiny. My daughters have never been star-struck children. They never craved the limelight. They just live their lives and do so decently.

About Sokolov. If he has been jailed for some eye-opener piece, including on the Vostochny space centre... I should be grateful to him for putting effort in the issue. It's just that I know nothing about this, it is the first time I am hearing about the whole situation, and his name. But of course I understand. If that's the case, I will certainly try to help your publication, and that particular journalist.

But first I need to understand what has happened to him, I just don't know. But you have this paper, will you give it to me? I am interested to have this project, one I actually initiated at the time, a few years ago, up and... I even visited the site, to help choose the place for the future spaceport. At first experts suggested other sites, a few places on the Pacific coast, not far from Vladivostok. They almost broke ground for it there.

Then these same experts said no. If you look at what the Americans are doing at Cape Canaveral, they said, they often postpone landing or lift-off due to the weather. The ocean causes a lot of problems, including an unstable climate, unstable weather, so it is best that we moved to the continent. And we did, moving to where it is today.

It is a major project, of national importance. We are building a whole new city there, and I hope that everything will be done in time. There is a backlog, used to be about one and a half years, now reduced to four or five or six months. I hope that the first launch timeframe we identified – the first quarter of next year – will be met, but it's not wise to concentrate on specific dates so much. It is more important to have everything done well, and I look forward to seeing it.

Now the first part of your question – about state companies, benefits, wages and the use of the National Wealth Fund. You are absolutely right about everyone – state-owned companies and state authorities included – having to work more effectively to reduce inefficient spending. There's certainly room for improvement here, a lot of work. I totally agree with you.

With regard to salaries, bonuses and so on, I think we talked about it last year, you know, the problem is that these amounts are calculated based on what senior executives make. We need the most upscale, world-class professionals, and possibly non-Russian managers to work for these companies, and these salaries and bonuses are legal on foreign labour markets.

If we cut them, we won't get the high quality management we want. Another thing is that the senior executive (I never told them that, so I hope they hear me) could use part of their income, which they tell me – and it's true – they need to ensure that subordinate managers have theirs paid in full, could give some of their income to charity, as is also expected by world standards. This would hardly make them poor.

Regarding the National Wealth Fund, yes, they must improve the quality and administration and performance, and reduce inefficient costs, which I've already mentioned. I am personally very careful with any potential spending from the National Wealth Fund. What is the current purpose of this? The money must be spent on projects that will not lead to more spending by the fund but create conditions for economic development.

What are these projects? For example, 150 billion rubles was invested in the Trans-Siberian Railway and the Baikal-Amur Railway. This is economically advantageous and efficient, because there is already cargo to carry which will pay off the investment. I think so far, only 50 billion has been allocated for the Baikal-Amur Railway. I personally had several meetings with shippers. As soon as the railway is complete, transport will start and the National Wealth Fund will see returns. This is money that can be recouped.

Not many projects will fall under this description, but this is one of them. Another project is the ring road around Moscow. We need to create extra transport facilities around the city in



order to ease the traffic burden on Muscovites, as well as to secure economic growth. I believe this is an important project that has already received around 150 billion.

Also, there is funding for Rosatom's nuclear power station in Finland. These are returning investments because Finland has a stable economy. Despite all the sabotage there, the parliament made a firm decision to support this project, which was honestly very surprising to me. Rosatom's partner, a company operating in Russia, has invested billions of euros in our economy and has expressed a willingness to cooperate and take on the risks. This money will be recouped by all means. This is a good investment.

Next, some of the money, I think around 180 billion, was invested in the Russian Direct Investment Fund. This fund raises ten foreign dollars for each invested dollar. This is an efficient investment. There are no other serious deposits by the National Wealth Fund but we'll think about more opportunities that will be at least as efficient as those in the above projects.

"Oil" Now let's talk about oil.

**Natalya Menshikova:** Good afternoon Mr Putin. Natalya Menshikova, the TV channel of the Nizhnevartovsk District, which is in Yugra, the home of the Samotlor oil field. The bulk of Russian oil is produced in our region, but these oil fields were originally explored back in the 1970s. This brings me to my question: Do you plan to invest in exploration, and if so, when? Also, pensioners from the Nizhnevartovsk District congratulate you on the coming New Year.

**Vladimir Putin:** Thank you. Please convey my thanks not just to pensioners but to everyone in your region. I thank you for your support. Despite the problems facing them, people with moderate incomes are one of the most responsible groups in our society. These people – many of them – suffered many hardships after the war and worked very hard to rebuild our economy; they've seen a lot, and now they only have the state to rely on.

We know this, and we are grateful to them for their patriotic sentiments and their willingness to contribute to the education of the rising generation. They are doing this, and I mean not only veterans of the Great Patriotic War but all veterans, including veteran workers. I wish them a happy New Year. I wish them health and all the best. Thank you! Let's applaud, no, not for me but for this part of our country. (Applause)

As for exploration, it's a major part of our future. As you know, we adopted decisions on sour oil several years ago towards a more effective use of the depleting oil fields. We also adopted several other decisions, including decisions on taxation.

I know that the oil companies are not entirely satisfied, because we envisaged the so-called tax manoeuvre, under which we promised to reduce the export duty on crude oil while increasing the mineral tax. But this decision was not implemented, although we raised the mineral tax on oil and gas. The Government has increased the burden [on oil companies]. It's important that this situation doesn't last forever, and I agree with some in the industry who say that the oil companies act by inertia when they don't reduce production, as I said. They don't revise their development plans. But I've noticed they've even increased production.

At the same time, we, meaning the Government, must look closely at developments in this sector so we don't kill the goose that lays the golden eggs. We'll analyse the situation very

seriously. Exploration is a highly important part, but the situation is not quite as you described it, that nothing has been done in exploration since the 1970s. No, we have been working on it, and we have invested in the agencies that have been charged with this work at the Government.

We try to encourage both private and state-owned companies to do this, and they have been doing it. I can't cite figures now, but I can tell you that they are quite impressive. Maybe we are not doing enough, but I assure you that we've never neglected this.

**Veronika Kilina:** Thank you very much for this opportunity to ask a question.

Good afternoon, Mr President.

Veronika Kilina with Nakanune.ru, a news agency based in the Urals Federal District.

Do you support the idea of the serial production of Il-96 planes and do you think that betting on foreign planes alone in connection with the recent tragic events was wrong? Why do you prefer domestically manufactured planes? I'm referring to the presidential air group that operates the Il-96. Thank you.

**Vladimir Putin:** You know, I completely share your concern. The aircraft-manufacturing industry is one that ensures the development of our economy, it's a high-tech sector. This is what we inherited from the Soviet era. Although of course, the Soviet Union developed primarily military aviation, adapting it to civilian needs. They didn't care about the lifespan or fuel consumption of civilian aircraft.

We can't follow the same approach today but we should definitely not only provide domestic carriers with our own commercial aircraft but also enter the international market. Generally, we should direct our manufacturers, including aircraft manufacturers, to ensure a level of quality that will make them competitive throughout the world.

Regarding a wide-body plane, this simply requires substantial investment. We have agreed with our Chinese partners to do this together and we are following this path. This is what I'd like to tell you. These are large, wide-body, long-haul planes. However, this is not enough for us. We need to provide planes not only for long-range routes but also regional routes, regional carriers. There are plans – I believe the Il-114, an old forgotten project, of course, with the innovation and new technology that's possible and necessary for a modern product.

As you know, a major event has happened in engine manufacturing. The new PD-14 engine is the first product of its kind since the late 1980s. Somehow, we don't pay attention to this, but it is a major achievement for our engine makers. I said this at one meeting and now I'll take this opportunity to congratulate them on this accomplishment and thank them for their effort. This enables us to develop our aircraft industry further, including the Il-96 you mentioned.

The energy efficiency of the new engine and its capabilities make it possible for us to develop an entire line of planes, both medium-haul and long-haul. By the way, this was our weakest spot. I believe we can deal with avionics but this was the weakest spot, so we had to use either Pratt and Whitney or Rolls Royce. Their engines are good but ours are better. And our planes will also be better.

**Vladimir Kondratyev:** Mr Putin, you spoke about oil, and you were asked about oil. And I'd like to ask you about gas – it is also one of the foundations of Russia's prosperity. Not everything is clear on this issue.

We know that actions by the Ukrainian authorities are unpredictable. This is obvious from what happened in Crimea, where energy supplies were cut off. What if Ukraine stops the transit of Russian gas to Europe? Here's the problem. The talks on Turkish Stream have been suspended because of the conflict with Turkey, and it is unclear whether they will be resumed. It would be very helpful if you would speak on this.

We have a backup option, Nord Stream-2 through the Baltic Sea, but a group of EU countries has protested against its construction and wants to torpedo the project like South Stream was done away with in the past.

What awaits us, and what turn will events take? By the way, what will happen

with the construction of the Russian nuclear plant in Turkey, in which Russia has already invested \$3.5 billion, according to Western sources?

**Vladimir Putin:** Russia has not invested \$3.5 billion in the Akkuyu nuclear power station. The future of this project should be decided at the corporate level. This is a strictly commercial issue, and we won't take a single step that would harm our economic interests. But this is up to Rosatom and its partners. As far as I know, the Turkish side has not yet issued a permit required to launch this project and make it a priority project. But let me repeat that this is a corporate decision.

Now let's talk about Nord Stream and those who objected to it. We know that many countries were against the Nord Stream-1 project, but it was carried out. Its implementation turned out to be very helpful at the time. Not all conditions have been fulfilled and the pipes are not 100 percent filled with gas, especially in Germany – it's 50 percent for Opal and almost none on another route, but I'm confident that these opportunities will come handy.

Regarding South Stream. You know our position: we were ready to implement it, but they simply wouldn't let us. First, the European Parliament ruled that this project clashed with the European Union's interests and forwarded the relevant document, and later the European Commission forced Bulgaria to halt the preparatory work, and then, all of a sudden, a Dutch regulator, where South Stream was registered, decided to grant us permission to launch the construction of the marine section. But how could we launch construction at sea, sink billions of euros there and then reach the Bulgarian coast without receiving permission first?

Naturally, they simply put us in a foolish situation, and seeing that, we said: if this is what it is, then we're also stopping. They didn't let us, do you understand? And I am surprised at the toothless stance of the Bulgarian Government that chose to neglect national interests for unclear reasons. We had planned to invest three billion [euros] in the construction itself — that means jobs, that means salaries, that means revenues to budgets of all levels, plus they could have had a minimum of 400 million euros per year just for transit. Well, a no is a no, so be it. As a matter of fact, one reason we came up with that project was to support Bulgaria. They don't want it – well and good.

We began discussing Turkish Stream. You know, this doesn't depend on us, after all. Not that we broke off the negotiations, but we want the European Commission to give written guarantees that all the routes, including a possible route through Turkey to Europe, are not only realisable, but also that it is a priority route and that the European Commission will back it. If Gazprom's Turkish partners bring such a document from Brussels, we'll move further. Unfortunately, so far, this doesn't seem to be the case.

Regarding transit through Ukraine. True, at a corporate level, I heard it myself, during very serious debates someone would say: we will totally cut off this transit. I am not sure this should be done –cut off transit through Ukraine. But speaking about the capacity of Ukrainian transit and that of, say, Nord Stream-2... Well, everyone demands that Nord Stream in general and the future Nord Stream-2 meet certain requirements. What are these requirements? Reliability, the market nature of the gas transport system's operation, and legal and administrative regulations that match the highest standards. Are our Ukrainian partners able to do what we together with our European partners have been doing with regard to Nord Stream? If they are able, we'll continue working with them. If not, then we'll see what can be done about it.

**Natalia Rybyakova:** The Krasny Sever newspaper. Natalia Rybyakova. Yamal-Nenets Autonomous Area.

I have a question regarding the Northern Latitudinal Railway. Thank you for supporting Yamal projects. The regional government has also been doing a lot in this respect. Specifically, a public-private partnership agreement will be signed by the end of the year on the Bovanenkovo-Sabetta section. Unfortunately, the construction of the much-needed Salekhard-Nadym section has stalled, and project costs are growing by the day. Can this issue be resolved?

**Vladimir Putin:** There is no doubt that we need this project. Yamal is Russia's oil and gas pantry. We have been developing this territory and we'll keep doing so in the future.

You know about the major international project implemented by Novatek, and the Chinese and French partners. The Government supports this project, among other things, because foreign investors entered this project before us. I'll be honest with you. These investments by our foreign partners provided us with an incentive to support this undertaking. Withdrawing our support for the project after foreigners invested in it would have not made any sense. It would have been simply unfair towards our foreign partners who had already invested in the project.

This is an important project. This shows that we are thinking about the future. What I mean is that global LNG sales are set to grow.

Today, we are able to offer LNG for sale only in Russia's Far East through the joint ventures we have, or through Gazprom's swap deals. But here, in the Yamal Peninsula, there will be a powerful project by the Russian, French and Chinese to produce large volumes of LNG and access almost all global markets.

We have the future in mind as we work on this project. I'm surprised that those who run it have been so successful. Everything is on schedule, and the quality is high.

As for what you've mentioned, I think this is an extremely important project, as with a huge terminal, extraction and shipment operations, it would be desirable to have a universal port there. This way, not just LNG products can transit through this port, but all kinds of goods that can be rerouted from the Trans-Siberian Railway or Baikal-Amur Mainline. This is a very convenient location with great logistics. This could be all sorts of goods — bulk shipments, or anything else.

As for budget allocations, this requires additional consideration, taking into account budget constraints. We need to look at different options, including attracting foreign investment. The interest is there, and I hope the Direct Investment Fund, that I've mentioned earlier, will contribute to these efforts. We remember about these projects, and are committed to effectively supporting them whenever we can.

Egypt, please.

**Question:** Good afternoon, Mr President, I have two questions. The first one is about Egypt.

When will you open Egypt to Russian tourists? This is my first question.

My second question is as follows. Two days ago, Saudi Arabia announced a new Islamist alliance. As far as I know, this new Islamist alliance brings together the Sunnis, and the Shiites will be in trouble. This will be an anti-Russian alliance, and it includes Turkey. This is dangerous. I would like to hear what you think about this alliance and, of course, your answer to my first question.

**Vladimir Putin:** With regard to tourism, the decision to limit our civil flights to Egypt is not due to our distrust of the Egyptian leadership. It is not a political decision. This decision is about ensuring the safety of our citizens. We tell our people, "Unfortunately, the Egyptian services, and oversight and law enforcement agencies are unable to deal with the threat of terrorism."

Terrorists are a threat for you and us. President el-Sisi of Egypt shows amazing courage in fighting this scourge, but it takes time to resolve these problems. As soon as we come up with the mechanisms that can reliably ensure the safety of our passengers, we'll lift the restrictions.

We're working on this with our Egyptian partners. What would these mechanisms be like? At every stage of airport control, from landing to departure, we must have our employees involved in the process. Again, we don't believe official Egyptian authorities have anything to do with this. This is our common problem and concern, so we must find a common answer to these challenges.

With regard to the coalition created in Saudi Arabia. We don't think this coalition will have an anti-Russian slant. In addition to the country you mentioned, Turkey, which we don't consider hostile. They have committed a hostile act against our plane, but saying that we consider Turkey a hostile state would not be true – our relations have indeed soured, and I'm not sure yet how we'll get past this situation, but in any case, the ball is not in our court, but Turkey's – but there's Egypt, and other countries. This alliance was initiated by Saudi Arabia. We have both different and similar approaches to resolving the Syrian crisis, and we maintain contact with Saudi Arabia.

I recently met with the King [of Saudi Arabia]. We often meet at various meetings organised by our respective foreign and defence ministries. We are now considering joint projects in military-technical cooperation with Saudi Arabia. It's a multibillion dollar programme. We aren't even thinking that this alliance may be directed against Russia.

On a separate note, in order to effectively address the challenges facing us in fighting terrorism, we must join our efforts rather than disperse our possibilities. I'm not quite sure what happened. The United States has created an alliance which includes all those countries, including Saudi Arabia. What's missing? Why was it necessary to create another alliance, if there's already one led by the United States? Do they have a plan of their own? Are there any internal contradictions? There may be contradictions.

Because regional interests of the regional powers are one thing and global interests in fighting terrorism are another. Europe is suffering from the ripple effects coming from that region. We have seen terrible terrorist attacks in Paris. The United States recently came under a terrorist attack that killed 14 people. The threat of more attacks remains.

We all need to join forces in fighting terrorist organisations, no matter what they are called and whatever slogans they may use to cover up their activities. I hope that the recently created alliance will uphold common interests and that we'll develop common approaches and rules and establish effective cooperative actions and agree on the tools that we'll use in this fight.

**Maria Gomenyuk-Kravtsova:** Kaliningrad, Klops.ru news portal.

**Vladimir Putin:** Again?

**Maria Gomenyuk-Kravtsova:** Klops.ru

**Vladimir Putin:** Klops?

**Maria Gomenyuk-Kravtsova:** Yes, a German dish.

**Vladimir Putin:** Aha. Rulka.ru. What are these klops – cutlets?

**Maria Gomenyuk-Kravtsova:** That's right.

Many traffic accidents take place in Kaliningrad every day in which pedestrians are killed or seriously injured. One such victim is our colleague Nadezhda Rzhevskaya. She was run down at a pedestrian crossing by a student at the Federal Security Service Border Protection Institute. Three months after, the investigation has not been closed and a criminal case has not been opened. The student had his driving license returned to him and he continues to drive his BMW, as before.

**Vladimir Putin:** He must be a good student to drive a BMW.

**Maria Gomenyuk-Kravtsova:** Our colleague was seriously injured. She is wheelchair bound.

**Vladimir Putin:** Terrible.

**Maria Gomenyuk-Kravtsova:** In this connection I have a question. Do you think high rank and shoulder boards can exempt [a person] from responsibility?

**Vladimir Putin:** Of course not. This is nonsense. No rank, no position [can]. He does not even have a position. What is he, commander or what? A student, a rank and file serviceman. It's simply unfair to say that he has some official position that allows him to avoid responsibility. Perhaps some influences may be involved there that are obstructing the investigation. I simply couldn't know. I promise you that the investigation will be conducted thoroughly.

It's difficult for me to say what happened there. In such road accidents, such tragedies, the sides' positions are always different. Nevertheless, it is absolutely obvious that the investigation should be conducted objectively and brought to its logical conclusion.

I entirely agree with you: No matter who was driving, they must be held accountable for what happened. Those who are at the wheel bear a greater responsibility than the injured party, because a car is a source of enhanced danger, and in keeping with our law, a person behind the wheel bears a greater responsibility than the injured party. There is only one situation where a pedestrian can be guilty in an accident – this is when a pedestrian has deliberately caused an accident. Otherwise the driver is responsible. He may be charged either under the criminal code or the code of civil procedure but he is always responsible because he drives what is a source of enhanced danger.

What does the defence [industry] want? Okay, defence, go ahead.

**Question:** Good afternoon. I come from Tula, and Tula, as its anthem goes, is a city of arms makers. Tula has a centuries-old history of arms manufacturing.

My question has to do with defence procurement. According to certain reports, it is set to increase by 10 percent annually, but given the situation with the price of oil and the economic situation, could it be frozen or reduced? I'm raising this issue because for Tula residents, this is about jobs, salaries and, of course, the country's defence capabilities.

**Vladimir Putin:** Listen, manufacturing in general and, even more so, the defence industry, is about long-term projects. It makes more economic sense to complete the projects already underway rather than stop them.

For example, if you start building a ship – ok, Tula doesn't make ships, but it does make other types of military equipment with long production cycles – or airplanes or missile defence systems, and invest money in the project, it would cost more to freeze the project than to complete it. In fact, once you discontinue financing, you have to pay for maintenance, staff, workers, engineers, who still need to be paid, while not actually doing anything. Otherwise they have to be let go, which is extremely risky and should be avoided, because it will make recruiting highly-skilled workers impossible afterwards.

This goes to say that following through on the projects makes more economic sense for us. All these projects are envisaged in the State Armament Programme until 2020. Given the real budget constraints we currently face, the lower price of oil, etc. what do we do? There will be projects, and I want it to be clear, since no one is making any secret out of it, there will be

projects that the industry itself is not prepared to complete by 2020. These projects won't be launched, which will allow us to save money.

As economists and financial experts like to say, these projects are being shifted further down to the right of the chart. Everything already underway will be completed. The projects that will be pushed back beyond 2020 are not critical for the country's defence capability, while helping free up resources and putting less strain on today's and tomorrow's budgets.

This is a very soft approach that requires a lot of attention by the industry and the Ministry of Defence. This is why we meet twice a year in Sochi, so that no one interrupts our work. We sit down after all the necessary calculations and submit proposals. This is one of the main, but not the only, aspects of how we work together with the military and the representatives of the defence industry. All the targets factored into the defence procurement programmes will be achieved if not in 2020, then in 2021 or in 2022 at the latest.

Maybe we should end the news conference soon.

**Alexei Solomin:** Thank you. Alexei Solomin. Ekho Moskvu radio station and Diletant history website.

Mr Putin, first of all, I would like to inquire about the question my colleague asked about Mr Turchak. Please pardon my ignorance; I'm just like my boss, whom you know. So this isn't surprising.

Mr Putin, don't you think that it would make sense to suspend Governor Turchak from office during the investigation, since his name is mentioned not so much in the media as in the investigatory records? This has nothing to do with acknowledging that he is guilty. All this would mean that you're neutral in this case, since people are unable to influence the proceedings at this level.

My main question is about Boris Nemtsov's killing. We have learned from media reports, leaks from the Investigative Committee, and statements by the aggrieved party that the investigative authorities are unable to access two individuals who are involved in this case: North (Sever) battalion officers Geremeyev and Mukhudinov. The aggrieved party explains this by the possible stance of the Chechen leaders on this issue. They could be either hiding in Chechnya or successfully escaped abroad.

Ramzan Kadyrov repeatedly supported the defendants of this case in public. You had an opportunity to talk with Kadyrov many times. Did you discuss this investigation? What did you tell him? Did he convince you of the innocence of these people?

And I'd like to add a few details on children. There was a question linked with Matvei who is now disabled. According to official statistics, Russia still has large numbers of disabled children who have not been adopted by families. Maybe it's time to repeal the ban on adoption by foreigners? This could also become part of the solution.

**Vladimir Putin:** Here's how we will work... Let's start from the last part of your question. I'd like to point out that according to statistics the number of sick children adopted by foreigners is far below that of healthy ones. No foreigner has ever rushed to adopt our sick



children. This is statistics. So let's not hurry to change the decisions that we've already made. This is the first thing.

Secondly, speaking about Turchak, I must say that online and other publications write not about him but about the alleged interference of his father. I don't even know much about this but I'm confident that administrative and personnel decisions, not to mention legal verdicts, should only be based on authentic facts established during the investigation and trial, not on press reports despite our respect for them.

Finally, let's turn to the crime against Boris Nemtsov. I knew him personally and our relations had not always been bad. I never spoiled relations with him but he chose this path of political fighting – personal attacks and the like. That said, I'm used to this, he wasn't alone. However, this doesn't mean at all that the man should be killed. I'll never accept this. I think this crime should be investigated and the culprits punished.

You said they may be hiding in Chechnya or may have fled abroad. It's necessary to establish where exactly they are. I've never discussed these issues with the regional leaders, including in Chechnya, and am not going to do it in the future. This is for the investigators to establish, no matter how long it takes. You will remember the assassination of [Galina] Starovoitova. She was also a member of the opposition to some extent but law-enforcement brought this case to a successful completion as well as some other cases involving people that opposed the Government.

I think such cases must be investigated by all means, and those guilty of crimes should be exposed and punished. In this way we'll be creating a stable political system in our own country. This is more important than trying to cover up somebody. Nobody is going to cover up anybody but we must wait for the results of the objective investigation.

**Dmitry Peskov:** Mr Putin, maybe Sevastopol now?

**Vladimir Putin:** Sevastopol, please. Please pass the microphone.

**Sergei Gorbachev:** Sergei Gorbachev, the Novy Chernomorets newspaper, Chairman of the Union of Journalists of Sevastopol.

In Sevastopol, the most popular toast is "To the Supreme Commander!" these days.

**Vladimir Putin:** Thank you.

**Sergei Gorbachev:** Regardless of the occasion, regardless of its scale.

**Vladimir Putin:** It is not necessary to make it so often...

**Sergei Gorbachev:** This Stalin-era toast expresses cordiality, sincerity and great gratitude to you for Sevastopol and Crimea.

The problems that have become apparent over the last year and a half appear to be related to the fact that there is no definition of Sevastopol's role at the state level. What we have is this counterproductive discussion at the regional level at least about what Sevastopol's status should be: whether it is a Silicon Valley, an IT-centre, a centre for tourism or recreation.

In fact, Sevastopol was designed to be the main naval base, hence its status as a city of federal significance, a standalone entity of the Federation, not like Vladivostok, not like Kronstadt, with all due respect to them, but Sevastopol. It seems to me, on the state level, perhaps you need to confirm that the main role of Sevastopol is not the cultivation of elite vineyards, but the fact that it plays a special role in the country's defence as the main base of the Black Sea Fleet.

And one more thing. The Navy is a conservative organisation, one that largely depends on tradition. There is one tradition, even a privilege, a system of incentives: when an officer is discharged, transferred to the reserve, he retains the right to wear his uniform, and the naval uniform also calls for a marine cutlass. However, in the last two years officers began to have their daggers confiscated.

I have served in the Navy for 36 years, and I don't understand who would want my cutlass with the Soviet emblem on it. And if you, as the Supreme Commander, decide that former marine officers can keep their daggers, as was the case in the Russian Empire and the Soviet Union, and later, too, I think you will earn the gratitude of thousands of naval officers and their children, grandchildren and great-grandchildren, who will also serve Russia in the oceans, in the fleets.

**Vladimir Putin:** First, with regard to the importance of Sevastopol and ways for its development. I find it hard to accept the fact that from the naval point of view Sevastopol is more important than the base in Vladivostok or even more so the base on the Kamchatka Peninsula, which is home to our second-largest submarine nuclear fleet with missile carriers and strategic nuclear weapons on board.

We have done a lot to keep this base, and we will develop it in the future. In the North and Far East, our Navy has direct access to the oceans. Back in its time, the Soviet government – and this is an opportune moment to say a few kind words about it – did a lot to develop infrastructure in the North, including outside Murmansk, in Murmansk itself and in the Far East.

Our duty is to make sure that these efforts were not in vain. We must take up where our earlier generations left off, and take it to the next level. Sevastopol is also an important component of the naval infrastructure in Europe. As you can see, we equip the Black Sea Fleet with new ships and submarines. The Rostov-on-Don submarine is the most recent addition, though it went to Novorossiysk, not Sevastopol, where we have created another modern, I underscore, modern naval base. If I remember correctly, it must have six such submarines. As you may be aware, these submarines are equipped with the latest Kalibr missiles which worked well in Syria. There will be new surface ships there as well. The Sevastopol naval base will also grow and improve.

Wherever you look, there are problems that we inherited from the last century. We are now dealing with power generation. The Krymenergo equipment hasn't been upgraded since the 1970s. As if there was no need to. The naval base is the same. Much needs to be done there to develop the infrastructure. However, saying that Sevastopol must be a solely naval base would be incorrect.

We still have to accomplish a lot in Vladivostok. But still Vladivostok has changed for the better. Some time ago, it too was an off-limits territory that was used solely as a naval base. The city was in a tough spot: no infrastructure, no airport, no roads, no modern social facilities, or theatres and museums. However, things are changing. In the modern world, people, wherever they live, especially in Sevastopol, should be able to enjoy all this, and have access to it. I'm sure that Sevastopol must be developed in several areas at a time. How? First, it's up to Sevastopol residents and authorities. I know there may be different approaches.

Some want to develop it as a Silicon Valley, as you said. Nothing wrong with that. Developing high-tech industries instead of building hazardous production facilities makes sense. It's quite possible. Former Navy personnel can be part of this work. They are intelligent and properly trained people. There are many other professionals out there as well.

Also, Sevastopol sprawls beyond its city boundaries and it's a vast area that can be used for building resorts and all kinds of recreational facilities. Why not do it? It must be done. It's necessary to do so and help people do so. We will help Crimea in general and Sevastopol in particular.

And Navy officers must have their dirks back.

Thank you so much. Let's call it a day. Thank you.

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