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Plenary session of the St Petersburg International Economic Forum

110–139 minutes

President of the People's Democratic Republic of Algeria

[Abdelmadjid Tebboune](#) also participated in the session.

The discussion was moderated by Dimitri Simes, a political scientist, historian and Channel One presenter.

The St Petersburg International Economic Forum has been held annually since 1997. Over this time, SPIEF has gained the status of the world's leading platform for discussing key issues on the global economic agenda.

The theme of SPIEF-2023 is Sovereign Development as the Basis of a Just World: Joining Forces for Future Generations.

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Plenary session moderator Dimitri Simes: Ladies and gentlemen,

I am delighted to welcome you to the St Petersburg Forum, to the plenary session where we will hear two very important and interesting speeches, by President of Russia Vladimir Putin and President of Algeria Abdelmadjid Tebboune.

As for the President of Algeria, I will introduce him separately later.

As for President Putin, I do not think there is a need to introduce him, and not only to this audience but to any audience in the world. No matter how anyone feels about him, what he does evokes strong emotions around the world. President Putin is universally regarded as a historical figure whose decisions have a major influence – I would even say an enormous influence – on Russia's future and, more broadly, on the future of humanity.

Mr President, you have the floor.

President of Russia Vladimir Putin: Friends, Mr President,

Ladies and gentlemen,

First of all, I would like to welcome our guest, the President of the [People's Democratic] Republic of Algeria and thank him for taking the time to attend today's event. Mr President, thank you very much.

Mr President – and I would like to address our other foreign guests as well: naturally, my remarks will primarily have to do with Russia's development and our plans in a variety of areas, but I believe it will also be of some interest to you, because many of you are either already working in our country or are planning to do so. And I hope that our assessments of the current situation here matter to you and you are interested in what we are going to do in the near future, to decide if you want to engage with us more.

I hope that Mr President will be interested. I apologise if part of what I am going to say will be addressed exclusively to the Russian audience. Even so, I believe other countries might be interested in replicating what we are doing in our economy at the moment. And this will only strengthen the potential for our

cooperation.

So, again, I would like to welcome all the participants and guests of the 26th International Economic Forum in St Petersburg.

[Last year](#), speaking from this podium, I described the way I see the challenges Russia, and almost all other countries around the world, were facing. I also talked at length about what we were doing to ensure sustainable, long-term, sovereign development for our country.

Let me remind you that our economy and Russian businesses faced the biggest challenges during the second quarter of 2022 when their operating environment was rapidly changing along with the ways they used to trade, transact and arrange their logistics. They essentially had to shift to a new way of doing business and adopt a new operating mode.

Colleagues, ladies and gentlemen, friends, today, we can say in all confidence that the strategy chosen at the time by both the state and Russian businesses proved its worth. Positive macroeconomic trends are gaining momentum and becoming increasingly apparent.

In April 2023, GDP increased 3.3 percent, annualised, and is expected to add over one percent by the end of the year. This is at least what the IMF believes with its forecast of 0.7 percent.

I agree with our analysts who argued that the Russian economy would achieve an even higher growth rate of about 1.5 percent, or maybe even 2 percent. This will enable our country to retain its place among the world's leading economies.

Both manufacturing and retail trade increased in April with output

in the processing sectors growing 2.9 percent year-on-year in January-April. Let me remind you that it was manufacturing that suffered the toughest blow due to disruptions in cooperation and value chains.

So, what allowed us to achieve the positive results I have just mentioned? After all, there was a lot of anxiety among business leaders a year ago. In fact, few people could anticipate how events would unfold. In this context, it was essential that we give businesses something they could rely on, build confidence in government policy, emphasise our unwavering commitment to fundamental market mechanisms, the freedom of entrepreneurship and guarantee that private property was protected.

It is for this reason that during last year's remarks at the forum I set forth the values governing economic development in the new reality and in the long run. I can now say that everything I said last year, and we must understand that what I said was based on our collective efforts, including the Government, the Presidential Executive Office and the Government's economic bloc, and everything we prepared and then carried out by working together on the ground, it all worked.

But why? What was it all about?

First, we kept responsible and balanced fiscal and monetary policies in place. This effective combination made it possible for us to maintain minimal unemployment and inflation, which is lower in Russia than in many Western countries, both in the eurozone and other regions. It is close to the historical low – 2.9 percent. Unemployment stands at 3.3 percent which is the lowest in our

history.

Importantly, a stable macroeconomic situation has become our competitive advantage and an effective factor behind growth. I must say that in the internal political discussions in previous years, we heard lots of criticism towards the Government and the country's leadership. People wondered why we were so focused on macroeconomic indicators at a time when we needed to act more boldly. Now we know that our efforts to achieve macroeconomic stability were not in vain.

Using budgetary mechanisms and monetary tools, we supported the demand in the economy, which means that we kept enterprises and companies busy and kept a lid on prices.

We will continue to build our macroeconomic policy based on the actual situation and target inflation, just like we did last year or during the pandemic, when demand fell and, in order to support it, we then increased the budget deficit to 3.8 percent of GDP. As soon as the next year, 2021, the budget was executed with a surplus, albeit a small one, 0.4 percent of GDP, but still a surplus.

Our public finances are balanced overall. There is a small federal budget deficit currently, but this is largely due to moving planned spending up to earlier dates or, as we say, to the left of the chart. This was a well-informed decision designed to step up the pace of implementing state and regional programmes.

Certainly, we needed additional funds to reinforce our defence and security capabilities, and to purchase armaments: we must do this to protect our country's sovereignty. I can say that, on the whole, this appears to be paying off, including from

the economic point of view.

The dynamics of non-oil and gas revenue is quite notable.

In January-May, it grew by 9.1 percent, which is markedly higher than the projected number. In May, it was up by an extra 28.5 percent.

Let me emphasise once again that I am talking about budget revenue which is not related to oil and gas exports. The fact that our real economy, the processing industries and sectors, as well as trade and services are all developing and gaining momentum is a very important indicator. Russians in this audience probably remember and know that we have been talking about ending our dependence on oil and gas exports for quite some time now. This trend is gradually picking up steam, although I have to say that when it comes to oil and gas there are important things we must take into consideration.

Second, the state has the financial capability to uphold its steadfast commitment to ensuring social justice, reducing poverty and inequality. This focus has been an important factor enabling us to overcome the challenges we had to face last year.

We provide targeted support to the neediest. If you look at this category and their incomes, this indicator increased by about 30 percent over the past year. In 2022, 1.7 million were lifted out of poverty, while the poverty level declined to single digits at 9.8 percent.

Of course, every percentage point matters, which is rather obvious. But even the positive trends I mentioned may not be all that important especially for those who just barely made it above the poverty threshold. Their income is still too low, but I will return

to this issue later. What matters here is the trend, and we must definitely support and maintain it, and this is what we will do.

We have been adjusting pensions, social benefits and allowances above the inflation rate, while also setting a higher minimum wage and subsistence rate. As a result, real disposable incomes started growing once again in the fourth quarter of 2022. What a relief.

There has only been a slight improvement so far, but this is still a positive trend, and we expect it to grow stronger in 2023. In any case, I hope that this happens.

These developments clearly support demand, and thus domestic manufacturing and services, especially companies in the regions, on the ground. This, in turn, has a positive effect on regional finances and budgets.

Prioritising private initiative was the third principle I mentioned a year ago. Last year, there were predictions that sanctions would pressure Russia to revert to a closed, command economy.

However, as you know, we opted to give businesses more freedom and the way we applied this principle demonstrated that this was the right decision, as experience has borne out.

Replacing transnational corporations that have left the Russian market was a notable event and a powerful boost for our businesses. Unfortunately, these corporations were unable to resist the sweeping political pressure exerted by international political elites.

You are well aware of the fact that we did not expel anyone from our market or our economy. On the contrary, we suggested that they weigh all the pros and cons and think carefully about their Russian partners and the potential consequences. Each of our

partners had a choice.

Importantly, products that are made at our production facilities have long been sold under foreign brands. In fact, these are Russian goods with foreign labels.

So, the departure of trademark owners does not mean that the production will stop. Labels will change, that is all. Revenue from this business will stay in our country. We will work for the new Russian owners, and help them keep their employees, contractors and subcontractors paid in full.

In a word, if at first our entrepreneurs, I would say, were very worried about the departure of Western companies, they are now taking over vacant production facilities and shopping centre spaces. Some small, so-called niche brands that used to sell clothes, footwear or other goods via social media are now opening their own stores.

I mentioned the following at an event in Moscow: in this sector of the economy, the majority of foreign operators left and freed up to 2 million square metres of retail space and a niche of about 2 trillion rubles. Excellent. Almost all of that has been taken over by our entrepreneurs.

Last year alone, Russian manufacturers filed more than 90,000 trademark applications. In addition to clothing and footwear, they cover mostly software, household chemicals, perfumery products, cosmetics and so on.

I do not think I will reveal a secret if I say that our business leaders are increasingly in favour of not letting the itinerant foreign companies back. The same thing happened in agriculture after 2014, when our agricultural enterprises began to pick up steam

and the meetings with agricultural businesses were dominated by one question only: will we let our competitors back or not? When asked at what point we should let them back the answer was never. Do not let them come back at all, we will do everything ourselves. Admittedly, our agricultural producers have lived up to their promise. Agricultural output grew by over 10 percent last year. We cover our needs for all items in this sector and are exporting much of our output.

That said, if foreign manufacturers ever wish to return to our market – we keep hearing this more and more – we are not shutting our doors to anyone. Without a doubt, no one is afraid of competition. As is known, it is the engine behind progress and trade. We will create the necessary conditions for them to work in Russia.

However, we will certainly keep in mind the specifics of how some of our partners behaved and, of course, we will always prioritise the interests of our businesses. By the way, we consider the foreign companies that have stayed and are planning to work here domestic producers and will treat them just like we treat our own companies.

The Agency for Strategic Initiatives launched a special annual competition for all these companies to identify Russia's best emerging brands. The competition is expected to announce its first results soon, sometime in late June. It covers some ten categories and has already received over 5,000 submissions from across the country.

I am certain that the opportunity to take part in and win this competition will serve as a positive challenge for our businesses

and will help them strengthen their market standing and invest more in building their capacity and adding jobs. This is why I am calling on the heads of the regions to be there for their emerging brands. This is what I am asking you. They need support at the regional level like never before.

I will note that in 2022, Russian companies increased their fixed capital investment in real terms. This trend continued into 2023, into the first quarter. This happened despite the high base effect from last year when investment growth was in the double digits.

Russian banks helped sustain robust investment growth despite facing a challenging environment in terms of their capital base. To give you an idea, corporate lending increased 14.3 percent in 2022, while consumer lending was up 9.5 percent.

In April 2023, corporate lending growth reached 17.1 percent, while consumer lending growth amounted to 12.9 percent. These are all very good results. Mortgages have been growing at an above-average pace too, at 18 percent.

The key factors fuelling investment growth have been the fact that we removed digital barriers and prioritised the development of transport, logistics and other kinds of infrastructure. This is in fact our fourth principle. We outlined it and made sure it materialised in 2022.

System-wide and consistent policies along these lines have been yielding results. Construction volumes have been growing for five consecutive years, and 2022 was no exception. On the contrary, this trend is gaining momentum and carries on. In 2022, construction was up 5.2 percent, while the same indicator for January-April 2023 reached 7.4 percent.

We will continue our infrastructure construction and upgrades, including roadways and railways, overpasses and bridges. We will also carry on with our effort to remove bottlenecks, since there are quite a few of them out there. Expanding the capacities of our seaports and border checkpoints will also be at the top of our agenda.

We are going to pay special attention to the North-South Transport Corridor, with plans to double export freight volumes by 2025 and to triple them by 2030. In May, as many of you know, we concluded an agreement with our Iranian partners on building a rail section in Iran that is currently lacking. We are also dredging the Volga-Caspian Canal that will be deep enough this year to take vessels with a draught of 4.5 metres.

As for the Eastern direction, by 2025 its export freight volumes will grow by a third and another 100 million to the 2022 figures will be added by 2030.

Here, the key is to increase the transport capacity of the Baikal System, the Baikal-Amur Mainline, and the Trans-Siberian Railway. Already this year it will add 15 million tonnes to reach 173 million tonnes.

I would like to take this opportunity to commend the success of the Government and Russian Railways, which were able to quickly scale up container outflows from the Far East, eliminating bottlenecks and reducing the load on the Far Eastern terminals while facilitating imports of goods and components from Asia.

I can say that we are going to upgrade our merchant fleet significantly in the coming five years. The Ministry of Industry

and Trade has already made adjustments to the large-scale shipbuilding programme. We will draw on our National Welfare Fund to finance it. Of note, as part of this programme alone, at least 260 vessels are slated for construction at Russia's shipyards between 2023 and 2027.

We will also continue to build our ice-breaking fleet, needed for the Northern Sea Route, which is seeing fast expansion. Last year, it was used to carry 34 million tonnes of freight. We expect that in 2024, these volumes will multiply, which will require a rapid upgrading of rail and other kinds of infrastructure in the Murmansk Transport Hub and other Arctic ports.

In this regard, I can point to the work we are doing to comprehensively develop regional infrastructure and to enhance transport connectivity of our territories.

Last year, we repaired over 20,000 km of regional roads, and built and upgraded 1,200 km. All of that, colleagues, friends, represents record volumes and figures, and I would like to thank our builders, engineers, designers and workers for their important and efficient work. I expect this bar to be not only cleared next year but to be raised even higher. We have everything we need to make that happen; all the funding is there. So, I hope everything will go according to plan.

State-of-the-art communications and telecommunications lines are expanding. Over 3,000 kilometres of them were built last year. The plan for this year includes building over 9,000 kilometres of these lines which is three times as much.

Let me remind you that our goal is to make high-quality communications and internet access available in all localities

around the country with a population of 100 to 500 by 2030.

Importantly, this is not just about improving the quality of life.

Expanding regional infrastructure will create new business opportunities, including in tourism.

Domestic tourism expanded markedly last year. According to Rosstat, in 2022 the number of Russian tourists in collective accommodation facilities grew by 16.7 percent, which, in absolute terms, amounts to almost 10 million people.

We need to more dynamically expand high-quality vacation infrastructure in our country, and think not in terms of current figures, but keep in mind that the tourist flow will continue to grow.

In this regard, I propose expanding the programme of easy-term loans for hotel projects and focusing on supporting the most popular segment which, as you are aware, is represented by three- and four-star hotels.

I also believe it is necessary to include in this programme the construction of year-round amusement parks, water parks and ski resorts. I am aware that businesses are planning or already implementing such projects in Crimea, the Far Eastern Federal District, Siberia, the Caucasus, and southern and central Russia. We will support these projects no question asked.

Also, outdoor recreation at glamping grounds is becoming increasingly popular. Last year, we allocated 4.2 billion rubles to support the construction of modular hotels which covered 174 projects in 20 regions. However, we know from practice that the demand is much higher. The investment projects have been worked through, land plots have been allocated and utility lines have been connected.

I suggest allocating an additional 11 billion rubles in the next two years to support the construction of modular hotels. This will make it possible to implement another 470 projects of this kind with almost 9,000 rooms meaning that more people will be able to learn more about our country's unique nature and historical and cultural heritage.

The effort to develop transport corridors and logistics in Russia has helped our businesses strengthen their foreign trade ties and step-up cooperation primarily with countries in the EAEU, Asia, the Middle East and Africa, as well as Latin America.

The fifth principle is, of course, our commitment to an open economy. Despite all the challenges we faced last year, we did not go down the road of self-isolation. On the contrary, we expanded our contacts with reliable and responsible partners in the countries and regions that are driving global economic growth today. Let me reiterate that these are the markets of the future, and everyone understands this perfectly well.

In some cases, trade with countries whose leaders refuse to give in to coarse outside pressure, while prioritising their own national interests rather than those of others, increased not just by several dozen percent but by many times, and it is continuing to grow.

This proves yet again that common sense, business initiative and objective market forces outweigh politics. This also demonstrates that this ugly and de-facto neo-colonial international system no longer works, while the multipolar world order is, on the contrary, becoming stronger. This is an inevitable process.

Overall, exports of goods hit a ten-year high in 2022 at US\$592 billion, with non-commodity, non-energy exports accounting

for almost a third of this amount at US\$188 billion. This figure supports 6.4 million jobs and generated 2.2 trillion rubles in tax revenue paid to the country's consolidated budget.

I must mention that agricultural exports reached a new high of over US\$41 billion, as I mentioned in the beginning.

Russia has been a top five grain exporter for ten years now. We have been the largest supplier of wheat to the global market since 2016. There is every reason to expect our companies to take the next step this year by setting a new record in wheat exports. In doing so, Russia will be proactive in ensuring global food security and helping countries, including in Africa, suffering from food shortages.

Overall, we had a US\$22.6 billion foreign trade surplus in January-April. I am talking about the first four months, which is a bit longer than the first quarter. The current account surplus for the entire 2022 was US\$233 billion.

Let me emphasise that this must be an asset for developing the Russian economy, including for importing cutting-edge equipment, technology, components and materials.

I would like the Government and the Bank of Russia to come up with specific proposals regarding the use of the proceeds from high exports to stimulate and expand investment in large and systemically important projects in infrastructure, logistics, and land development, to name a few, which will expand domestic businesses' capabilities across the board and boost their competitiveness, including on global markets.

Of course, these markets' operators include not only Russia's partners and friends, but, let us face it, detractors. They are

accustomed to generating super profits from their dominant and monopoly position, including political monopoly, and just do not want other countries to have an alternative to their aircraft, ships, medicines, banking systems, technology and other goods and services.

These market participants do not need competitors, so they are throwing wrenches in our plans and trying to hold back new development centres, or cancel them, in modern parlance. However, all these attempts do is cancel Western countries' business reputation, which is a valuable asset. It appears that sometimes some people tend to forget that.

Russia has been and will remain involved in the global economy. We have drastically simplified foreign trade regulations, cut the fines for violating currency laws by orders of magnitude and, importantly, have removed them altogether in cases of unfriendly external actions. By the way, this moratorium will be renewed in 2024.

What else? At a recent meeting with representatives of the Delovaya Rossiya public business association, our colleagues bluntly raised the issue of foreign exchange amnesty. I will be upfront with you: we rarely use this approach. However, now that the violation of commitments by Western counterparties has become a routine practice, I think meeting businesses halfway on such an acute issue would be the right thing to do. I propose declaring an amnesty for business for currency violations of necessity that were committed during the moratorium and putting this issue to bed, so that later there would be no grounds for holding businesses accountable retroactively.

Next, we have introduced a fast-track VAT refund on exports, eight days now instead of three months. In conjunction with our foreign partners, we are developing new mechanisms for cross-border payments. Among other things, we will make opening a bank account in Russia for foreign companies a hassle-free procedure. Showing up in person will not be required provided, of course, that anti-money laundering legislation provisions are complied with.

I would also like to note the tangible progress in using national currencies in foreign trade – this is a separate and large issue. Today, about 90 percent of our transactions with the EAEU countries are made in rubles and over 80 percent of our transactions with China are in the ruble or the yuan.

We are dynamically developing trade in national currencies with other states as well. We are prioritising our near neighbours, as well as the BRICS and SCO countries.

In a word, we are using an entire package of instruments to support our foreign trade activities in all branches – industry, agriculture and other sectors. These are long-term instruments. We will extend them until 2030.

At the same time, we must continuously build up new instruments and improve mechanisms for supporting our exporters, making it more convenient for businesses. Of course, these businesses are now entering friendly markets, but they are new and have their own peculiarities. Naturally, the state needs to consider this and it will do so.

We need specific solutions to develop export shipment insurance and to use factoring, which will also support our producers and suppliers and provide additional guarantees for their

agreements with foreign clients.

And, of course, we must promote domestic products on e-commerce platforms. Their user base, their clientele is steadily growing in both our country and the rest of the world. Hence, even small businesses can find clients there. We have room for improvement here. We are not in the lead, but we are not trailing behind many others either. We have very good, and even excellent prospects here.

I would like to ask the Government to launch a series of instruments to support e-commerce as soon as possible, and to constantly analyse the effectiveness of these instruments, primarily for small and medium companies to improve it in cooperation with business associations.

I would like to add that we have examples of our own successful e-platforms. We will support them in entering large markets like China and India and our neighbour Turkiye, to name a few. Importantly, this trade is mutually beneficial – our products will be more affordable in foreign markets while Russian customers will get a bigger choice of goods and services.

Friends and colleagues,

In the face of unprecedented challenges, Russia has not deviated from its principles of economic development – I said as much at the start. Through the joint efforts of Russian entrepreneurs including large, medium-sized and small businesses, with the active participation of the authorities, we have maintained economic stability. This is absolutely obvious by now; it is a hard fact.

Russia has kept its foothold as the most important participant

in the global market. We have ensured the stable operation of entire sectors of the real economy, companies and teams, and so on, and supported the well-being of millions of Russian families.

Our key strategic and system-wide goal, both for today and for the future, is not simply to compensate for the decline in GDP or to replace foreign companies that have freed our market of their presence, or to wait out the presumably temporary fluctuations in the global economy; not at all.

I have mentioned this, friends, and I will repeat it again: the global changes now underway in all spheres of society are cardinal, profound and irreversible, and this is the important point. Under these conditions, we need to move only forward, which means that we need a proactive economic policy that can be drafted and implemented in close conjunction with representatives of the business community – with our entrepreneurs.

In fact, we are talking about transitioning to a qualitatively new level of development – a sovereign economy that not only responds to market changes and takes into account demand, but also creates this demand.

This model is often called supply-side economics, and it involves massively boosting productive forces and services, the widespread strengthening of infrastructure, the development of advanced technologies, the creation of new modern industrial facilities and entire industries, including in areas where we have not yet shown proper results, but we certainly have opportunities for this – scientific capabilities and creative potential.

Now, here is what is important for the implementation of such

a model – the supply-side economic model, and here are the problems we need to solve now and in the near future.

I have already mentioned today the record-low unemployment in Russia, something we can certainly be proud of. However, this achievement has a flip side. The representatives of the companies in this room are certainly aware of this. I am referring to the difficulties with recruiting employees, with a shortage of personnel.

Therefore, in this situation, employment should be the first priority as part of the supply-side economic model, the improvement of the employment structure. We have huge reserves here – and we need to use them, and for this, we need to retrain personnel, to increase their economic activity, so that people can unlock their potential in new, growing, promising economic sectors: jobs need to be available in every city, village and region.

I would like to draw the Government's attention to the situation in the regions where the unemployment rate is high. While the overall unemployment rate in Russia is at its all-time low, it remains quite high in certain regions. In this regard, we need to offer people more opportunities to acquire new skills, including in IT and other technology-driven sectors, as well as skills for working remotely. We need to step up our efforts in this regard.

At least ten projects of this kind will be launched as soon as next year with federal support in the regions with limited budget resources. Established by Sber, School 21 is a good example of creating educational spaces along these lines. I cannot but welcome programmes of this kind.

Moving on, we need to make sure that our universities

and vocational school are result-oriented, meaning that their graduates are able to find jobs. In this context, I believe that there are at least two things we must do.

First, we must set special key performance indicators for educational institutions with graduate employment as the most important of them all. I suggest using this approach to rank vocational schools.

Second, I suggest drafting annual five-year forecasts predicting the overall demand for personnel in our economy. This way we can become more flexible in responding to the emerging trends and new needs of the labour market, while also taking into consideration our economic development priorities.

On a separate note, I would like to ask the Government to draft proposals on developing student contracts. Employers can use this instrument to enable their staff members to get an education or acquire new skills, while employees are guaranteed to get a job at a higher level of qualification. Of course, businesses must get incentives. This mechanism will require government support, among other things. I will not go into details right now, but we understand what this is all about.

Major shifts on the labour market entail higher wages. What I will now say may sound a bit odd, but I still believe that this is how it should be. I would like to turn my attention to the minimum wage. We have been indexing it above the inflation rate, making sure that the gap separating it from the subsistence rate keeps growing.

Starting January 1, 2023, the minimum wage increased 6.3 percent to 16,242 rubles per month. We will increase it again effective January 1, 2024, with an 18.5 percent adjustment

in a single go. This means that after a 6.3 percent increase effective January 1, 2023, the minimum wage will increase 18.5 percent from January 1, 2024, which is way above the inflation rate and the rate at which salaries are growing across the country.

Almost five million people will benefit from this substantial increase, or 4.8 million to be more precise. By 2030, the minimum wage must double in nominal terms, which will create an additional impetus for wage increases around the country.

Here is what I would like to add, what I think is important.

We are expanding measures of social support, especially for families with children. Many of these benefits depend on whether the recipient has a job. These payments are tied to the income of the family, to a particular person's income. If their income increases, even by a fraction, this can send them to the next bracket where their social benefits are significantly smaller or none at all. But in this situation, the person has no incentive to look for a new job or a higher salary.

We must change this situation. It should be more rewarding to work, while state support should serve as an aid, an addition to the salary, not a substitute for it. I think that you, colleagues, understand with unemployment as low as it is, this should encourage people to work. And we certainly need to look for more such incentives and improve them.

Therefore, I propose paying childcare benefits for children up to 18 months, as well as the single child benefit for the entire period they have been set for, regardless of whether family income has increased or not.

I also propose supporting parents or guardians of children with

disabilities. To date, they, too, are only entitled to disabled child benefit if they do not work, if they have no other sources of income. They cannot earn extra money for the family even if they want to because they will lose the benefits they are entitled to. These restrictions need to be removed. Such people need to be able to keep their benefits package combined with part-time employment. The concept of part-time employment needs to be defined at the legislative level to avoid any discrepancies. I ask the parliament to adopt the relevant legislation as soon as possible.

The second growth point of the supply-side economy is the expansion of entrepreneurial activity. More than 28 million Russians are employed in small and medium-sized businesses. The number of self-employed Russians has doubled since January 2022, to reach 7.6 million.

It is essential to support people who want to do business and are taking first steps, including through a social contract. This system includes starting a small business, a private subsidiary farm. I think it will be right to offer people who are parties to social contracts, training at My Business centres, where they can study entrepreneurship with the government paying for the course.

I earlier proposed, at one of the previous SPIEF meetings, launching an umbrella mechanism for lending to small and medium-sized businesses, with SME Corporation providing guarantees in cases where entrepreneurs do not have enough collateral for approval of a loan. This mechanism is currently in place in all Russian regions; more than 39,000 loans worth over 350 billion rubles have been extended as part of it.

I must say that this mechanism works well. Look, in 2022, manufacturing companies received seven times more loans with such guarantees than in 2020; IT entrepreneurs obtained 46 times as many loans as in 2020.

Naturally, even more entities are in need of such loans, especially in industry, tourism and IT. Therefore, I propose enhancing this tool and extending the umbrella guarantees plan until 2030. And I ask the Government to set target limits for the volume of such lending. Mr Siluanov, I am not giving you any figures – I am asking you to consider and approve them. But this is a real tool for the development of the economy as a whole.

I also believe it is necessary to expand the scope of this measure to include what is known as the SME-plus category. The issue is about medium-sized companies which, despite certain difficulties, have grown in recent years and, according to formal criteria, such as the number of employees and revenue, are no longer in a position to apply for state support, but are in an important stage of growth and need resources. Such companies need special support measures. I would like the Government to work them out before the year end.

Also, companies that grow out of their status as small or medium-sized enterprises lose their right to preferential tax regimes, and the tax burden on them increases immediately and remains like that until they apply for benefits as large businesses.

Hence, a situation arises – I will not say anything new for this audience, as everyone understands perfectly well what I am talking about – a situation arises where there are not so many incentives to grow and to move to the next weight category. It just

does not make economic sense. Therefore, companies use all kinds of tricks to stay in the small business sector, including fragmenting their businesses in order to keep these benefits. The tax service is well aware of that.

Mr President, I am not sure how it works in Algeria, but we have seen this situation for many years in Russia. I think that, in this sense, people are the same everywhere and will always find a way out of the situation that the state creates for them if they run into actual growth restrictions. The things that I said are the realities of our life.

It makes no sense to catch someone red-handed. The goal is to support growth and to remove barriers that prevent businesses from gaining strength, expanding and creating new jobs. The best way forward here is to help and to create conditions for a smooth and easy transition to another business category. I would like the Government to submit proposals on this matter at the beginning of next year, including the launch of an easy-term transitional tax regime.

Another important measure to support entrepreneurship concerns limiting the number of inspections and other oversight events. As you may remember, last year we established a moratorium on scheduled inspections of all Russian businesses, and then renewed it for 2023. For entrepreneurs whose activities are not associated with high risks of causing harm, the moratorium will be valid until 2030.

As a result, 339,000 inspections were carried out nationwide last year. This is 20 percent fewer than in the COVID-19 year of 2020, and almost five times fewer than in 2019. This is a good number,

but there is a “but” to it, which I will cover shortly.

First, I think that if a business does not involve high risk of causing harm to people or the environment, it should not be inspected at all. It should be free from scheduled or unscheduled inspections. Preventive measures are quite enough.

Mr President, we arrive at these decisions as a result of our practical interaction with businesses. I apologise if I am talking too much, but perhaps you will find something useful for your country from hearing what I had to say about our life and practical work.

Next year, we will look at the implementation of what I am proposing now. Of course, I believe it is enough to limit ourselves to preventive measures, and from next year forward we will continue decreasing administrative pressure on businesses.

I would also ask those responsible to step up efforts to transform the business climate. In fact it is a system-wide project to establish a business-friendly environment in all our regions. We have made necessary contacts with business associations for this. It is their suggestions that underlie changes to regulations and it is our businesses that evaluate the effectiveness of the measures we take.

This year we have updated roadmaps in industrial construction, exports and corporate governance. I would like to ask you to make similar efforts as soon as possible in urban development, in high-tech businesses, including the use of AI, as well as in tourism and intellectual property.

Recall that in the past we used World Bank rankings to assess the ease of doing business, and I can say we made serious headway on that count. There is a lot that makes sense in that

ranking, it is a good way to encourage competition, so we should not just abandon it. It is important to have our own objective criteria to put our work into perspective and assess our progress.

I therefore ask our Government together with our business community and associations, our Agency for Strategic Initiatives to develop domestic target conditions for doing business at the national level. We must draw on global experience to implement that model step by step in every region and the country as a whole.

As we develop our business climate, such sensitive issues as improving law enforcement and decriminalisation cannot be neglected.

I would like to reiterate: we need to ensure better regulation of economic activity. That means, in particular, to eliminate vague language in laws and so called 'stretchable' criminal laws, bringing down to a minimum the number of cases where the investigation disrupts the work of an enterprise and breaks down work teams. We have discussed this at length, and I will not go into details now. I want those colleagues from the business community that we had those discussions with to follow up on this, as we will definitely work on this.

A year back, from this rostrum, I mentioned a number of proposals in this area. Some of them have since been made into laws, other are still being considered by the Government and the parliament. I understand that it is at times difficult to find compromise, but I would ask our colleagues to move forward as fast as possible to give us coordinated solutions.

Today, I would also like to make a number of other proposals

following our meetings with the Russian Union of Industrialists and Entrepreneurs and Delovaya Rossiya. I am referring to the standards of criminal law that have become outdated or duplicate the Code of Administrative Offences.

For over ten years we have not changed the thresholds of large and especially large property damage unrelated to embezzlement or due to violations of copyright and other rights. I would like to draw your attention to the latter because now foreign companies themselves refuse to supply software and other services.

I consider it expedient to at least double these thresholds and do the same for economic crimes that do not entail deprivation of liberty – I am referring to evading the disclosure of information under securities law.

And a separate issue. I just mentioned that the number of inspections of businesses has been decreased. If you noticed, I made a small reservation. I will explain. Businesspeople are saying that now law enforcement officers have started visiting them in place of related oversight agencies. Indicatively, there are often no violations at all, but they are going to some businesses, looking for things. In some cases, their visits may be justified – in some cases.

But what is really happening? They are substituting one approach for another similar approach. We are saying there will be no inspections, but in reality there will be inspections – they will simply be held under a different name and by different people. Of course, this is undermining small businesses' confidence in government control and oversight body reform, and it is affecting their performance. I would like to emphasise – only related departments should be conducting inspections, when they are

required.

I would like to ask the Government, together with the Prosecutor General's Office and the Interior Ministry, to strengthen this restriction in legislation and to strictly comply with it. This is very important. Otherwise, our work makes no sense. Everything should be spelled out. We need to thoroughly review this so-called legal requirement to make every word understandable.

Furthermore, business climate in Russia for both new and mature businesses should be globally competitive. As I said in my Address to the Federal Assembly, businesses in key industries and sectors, as well as companies running our biggest backbone industries must work within Russian federal jurisdiction.

Yes, of course, every businessperson has a right to dispose of his profits and property as he sees fit. This is the main goal of every business, the foundation of entrepreneurship. This is clear. There can be no doubt about this. However, a situation where money is made in Russia but then lands in foreign accounts is fraught with obvious risk. It is often unacceptable for both the state and for Russia's businesses themselves.

Many of our businesspeople learned it first-hand when they saw their accounts and assets in the West get frozen. In fact, as we said many times, it never occurred to anyone that this was possible. It is a violation of every provision of their own and international legislation, an act of robbery where they simply closed the accounts, took everything away and are not even saying why. They do not even want to talk. It was done in a surprisingly offhand manner reminiscent of the Middle Ages.

Our people have a saying to the point: make yourself useful

in the place where you were born. Therefore, I made it clear many times to our business community. Focus on investing money here. It is a safer investment, and the return is higher, no doubt about it. These investments will work in our country and in our economy and the social sphere for the benefit of our people. Not only will it benefit the country, but it is a safer investment, too.

Today, a fairly large number of domestic assets are registered with foreign companies. These assets are owned by Russian citizens who want to return to Russian jurisdiction. For them, we have launched two special administrative areas in the Primorye Territory and the Kaliningrad Region. Here, the companies can protect their assets, maintain their usual corporate governance system, and take advantage of a number of tax breaks.

I am aware that not everyone who wanted to take advantage of this opportunity was able to do so. The reasons for this vary, and some people simply did not have the time or were unable to obtain legal and accounting services abroad. However, there are also cases where our foreign partners are outright unwilling to provide this information and documents, which is nothing short of sabotage. They simply refuse to release our assets and the entrepreneurs who hold our assets.

I would like the Government to team up with the business community and to speed up the return of assets in key industries to Russian jurisdiction. The procedure for transferring businesses to Russia and registering them in special administrative areas should be made simpler in cases where such a transfer, figuratively speaking, is blocked by a foreign party or is not provided for in their legislation. This happens.

This must be done before December. A mechanism for protecting the rights of Russian citizens and legal entities that own domestic companies through what is known as foreign layers should be launched and remain operational during the same time.

Simply speaking, what is it about, and what is the problem?

Someone at one time transferred something from one offshore account to another offshore account, and then to still another one. Then there were some unspecified quasi-owners and beneficiaries, and they also were covered by some offshore companies. Frankly, looking at this you may start feeling for the people who ended up in this trap. Let us think together how we can help them.

On the face of it, it looks like these are the consequences of the decisions made by certain individuals, their problems. However, we are talking about companies and enterprises that operate in Russia. Our citizens are working at these enterprises, and investments are made here as well. Therefore, owners of such businesses should have a place of their own in the Russian legal field, and, I will be blunt about it, they need our help. We will try to make it happen in a dialogue and in contact with you.

Colleagues,

The next key priority as part of supply-side economy is to ensure investment growth. We must work to boost the flow of financing to projects for making priority industrial products. Our target for this year is at least 2 trillion rubles, and by 2030, this investment should increase fivefold, to as much as 10 trillion rubles.

To this end, we have developed a whole set of tools in recent years, including the Agreement on the Protection and Promotion

of Investment, special investment contracts, the Industrial Development Fund, and industrial mortgage programme.

At the end of February, we launched something called the cluster investment platform. Its participants can receive preferential loans of up to 100 billion rubles at an interest rate lower than the Central Bank key rate. These loans can be issued under the guarantee of Vnesheconombank.

Subsidies are provided for R&D [research and development projects] involving advanced technologies. Preference is given to projects that can reach mass production within three years. Last year alone, more than 160 such projects were approved, including in medium and low-tonnage chemicals, LNG and hydrogen energy.

Of course, technological sovereignty does not mean we have to provide every product and service locally – no country in the world can do this, nor does it need to, and we are not striving for this. But it is about having domestic solutions in critical areas. At the same time, it is necessary to build reliable cooperation chains and technological partnerships. In this regard, we look forward to cooperation with our colleagues from friendly countries, with partners in the EAEU, BRICS, the SCO and other associations.

We certainly need to expand the financial basis for private investment projects and to make such resources more accessible to business. The Project Financing Factory is already up and running. As many as 26 projects worth 1.8 trillion rubles are being implemented through this project financing mechanism. Among them are the construction of a mining and smelting plant in the Trans-Baikal Territory, a coal port in Primorye, fertiliser

plants in Russia's northwest and in the Far East, the construction and modernisation of airports and energy facilities. Seven more projects worth 345 billion rubles have been approved.

In short, these are the tools that businesses need. I suggest further enhancing and improving these tools, which I just mentioned, allowing projects that strengthen Russia's technological sovereignty to raise more money. The list of criteria for assessing such projects has already been approved by the Government.

We will also launch a programme of umbrella guarantees from VEB, in the amount of up to 200 billion rubles, for such projects. According to forecasts, this will reduce the interest on investment loans by about 1.5 percentage points. The procedure is as follows: once the project gets approval from the Project Financing Factory and the banks, it automatically receives a guarantee from VEB, up to a half of the project value.

And of course, we will be tapping the big potential of the Russian stock market. At a recent meeting with Delovaya Rossiya, we agreed to launch participating bonds. Apparently, these bonds can have different maturity dates up to permanent debenture. I expect the Government and the Central Bank to promptly implement the idea.

We must work on raising equity. We will launch a special mechanism with VEB's participation which will allow banks to act as shareholders of investment projects whereby VEB will assume the bulk of the risks.

Initially, the equity fund programme will amount to 200 billion rubles. However, even this low volume will help to unblock

investments of about 2 trillion rubles. We must not procrastinate here – the first projects must start as early as this summer.

Regarding outstanding corporate shares in our market, we support, as I said in the Address, placement of shares in the rapidly growing hi-tech sector. The Government is now considering the issue of tax breaks both for issuers and buyers of such securities.

A special decision was taken to give an extra backup and saturate our stock market. It covers the situation when foreign equity holders are selling Russian stock. In this case a certain part of shares in companies which change ownership must go to the Russian stock exchange.

And it is important, of course, to create incentives for an additional inflow of funds to our capital market. A major source for that is citizens' long-term savings, there is nothing new about it. Such projects must be advocated, including within the system of insuring voluntary pension savings where the state guarantees compensation in the amount of 2,800,000 rubles. I reiterate: we must create conditions for our citizens to invest and make money at home, inside the country. Meanwhile, we are aware of cases when funds invested abroad got held up.

Another important matter. An investor in Moscow or St Petersburg can get not only a plot of land but also utility lines and a full package of tax breaks and deductions. But this is only possible in major cities and in a few other large regions – a whole number of our constituent entities are unable to provide this due to their modest budgets. Such regions obviously must be given assistance, including priority infrastructure development with

support from the so-called infrastructure menu whereby emphasis must be laid on the regions with low fiscal capacity.

In addition, we need to provide an equal opportunity for the regions to incentivise new projects. What do I mean? I will try to explain.

Today, Russia's regions can introduce an investment tax deduction to encourage new business initiatives, or the expansion or opening of new manufacturing capacity. Last year, we expanded the list of expenses for which this tax deduction is available. However, it cannot be said that the mechanism has been developed in full; there are still too few projects where it is used. The budgets of few regions can now concede some income revenue for the sake of future revenue. But it is necessary to increase the demand for investment tax deduction.

I think it would be helpful if we tailor this tool in a targeted way for new projects that strengthen the technological sovereignty of Russia, primarily in regions with limited budget opportunities.

I would like to ask the Government to work on this together with the State Council Commission on Investment, as well as business circles, so that next year we can relaunch the investment tax deduction mechanism with updated parameters. In particular, we should use long-term budget loans with favourable terms to support the regions in this area. I know there is a risk that the regions will become overburdened and debt-laden. All of this needs to be analysed.

I repeat: the main thing here is to consider the interests of business development and at the same time ensure the balance of regional budgets.

I will also add that regional government teams are playing a leading role in creating a modern business environment. Today, by tradition, I would like to mention the regions that have made the greatest progress in the National Investment Climate Ranking.

Overall, 60 regions have moved up on this rankings list. I am pleased to list them: the Chechen Republic, the Rostov, Saratov and Kostroma regions, the Yamal-Nenets Autonomous Area and the Trans-Baikal Territory showed the best dynamics.

I congratulate our colleagues and also wish them success in the future.

The next area of supply-side economy is increasing the efficiency of the real sector and the services sector, as well as labour productivity in Russia by eliminating bottlenecks, eliminating losses and introducing optimal solutions. All this is described by the term “lean production.”

Since 2019, we have been implementing the Labour Productivity national project. About 5,000 enterprises are taking part, with more than 88,000 employees trained according to new advanced methods. We can see that this work is yielding results, including in the military-industrial complex; this makes it possible to quickly adjust the production capacity of weapons and military equipment.

The introduction of the principles of lean, efficient production should gain momentum, and not only in the basic sectors of the economy, but also in other sectors, in the social sphere as well. Here, it is necessary to make full use of the resources of the Federal Centre for Competencies and expand its mandate.

Another key area of the supply-side economy concerns active automation and the development of AI technology.

In Russia, the labour supply will be limited due to objective demographic processes. Under these conditions, it is extremely important for us to increase the pace of automation of the mining and manufacturing industries, agriculture, transport, logistics, trade and many other sectors.

Russia has not only huge potential but also effective solutions. Just the other day, as part of our forum, KAMAZ self-driving trucks were launched on the Neva federal highway. Yandex self-driving taxis are already operating on the streets of Moscow. These are good, but so far isolated examples, and what we need is the mass introduction of such technologies.

Let me remind you that last November we discussed measures to stimulate the introduction and production of industrial robots in Russia. We agreed that the relevant federal project will be approved by the Government before July 1. I ask you to strictly adhere to this deadline: delay here would be absolutely critical for our economy.

The next important issue is what is the so-called “data-driven governance.” This approach should be applied almost everywhere in the system of transport and communications, in medicine, education, government authorities and so on.

We need to actively implement and use these developments, support the development of domestic big data software, launch AI projects and, of course, strengthen information security, monitor the circulation of data so that it does not harm national security or the interests of our citizens. Our colleagues and I have already agreed on specific actions in this regard.

Unfortunately, we are lagging behind here – we need to make up

for it and strictly adhere to the set plans in the future. In the near future we will hear a report from the Government on this issue.

Let me add that we regularly review the implementation of new technological solutions in the Russian economy and hold an annual conference dedicated to artificial intelligence.

And starting this year, we are launching a new special platform – the Future Technologies Forum, where advanced areas of technological development will be discussed annually.

Companies, regions and research teams will present their developments and share their experience in mastering the latest solutions. The first forum will be held very soon – in July.

Promising ideas in the field of computing and data communication will be discussed. I invite everyone to take part in it.

Technology is changing fast nowadays, and automating individual production processes is no longer enough to ensure effective growth. We must operate on a market scale. There are successful examples of working platforms in Russia, including Yandex on the taxi market – I already mentioned it – Sberbank automated lending system and Ozon e-commerce platform.

To reiterate, we need to cover more industries and institutions, and form the techno-economy of the future – an economy bolstered by institutions that operate on a whole new technological basis.

The Government and our colleagues in the regions are leveraging the platform-based principle of data-based management in their daily operations. We are among the undisputed world leaders in using innovative principles underlying the digital state, which is a cold hard fact. We need to consolidate these positions and move

further.

Friends,

The format of our meeting does not allow us to cover every aspect of the supply-side economy. I think I am wearing you out going on like this, but I would like to close by saying that a thorough study of each of the areas is what the Government is tasked to do.

I mentioned earlier that the inflation level is among the key indicators that our approaches are being implemented in the correct way. It is important for us to achieve high economic growth rates and keep price dynamics close to our 4-percent target. You are aware that the Central Bank is talking about possible inflation at about 5 percent at the end of the year.

Keeping a lid on prices today is not only what the Bank of Russia was assigned to do. It is also the assessment of the Government's performance to stimulate the growth of supply. Colleagues, please pay special attention to this.

To do so, among other things, it is important to increase the effectiveness and the return on public spending. Implementing the policy designed to promote supply-side economy and increasing the effectiveness of budget spending are the priorities that should underlie our efforts to formulate the federal budget for the next three years. We will discuss in detail the implementation of supply-side economic measures at the Strategic Development Council meeting in July.

In this regard, I would like to point out that much was said today about forming the supply-side economy. Where there is supply, there must necessarily be demand, meaning that expanding Russia's economic capabilities and potential must be directly tied

in with improvements in the well-being of our people. This is what economic growth is all about.

I would like to finish where I started. The point is not only to maintain low inflation and high employment, but it is certainly also important to ensure that people's incomes grow faster.

The Russian economy should become an economy of high wages, with new requirements for the professional education system, with higher labour productivity, including through automation and innovative management systems, with high-quality modern jobs and working conditions.

I know that many – well, at least some – people believe that the high cost of labour reduces the country's global competitiveness. Obviously, they have sufficient grounds to believe that, but this opinion is becoming outdated. It is probably already obsolete and does not take into account modern realities, especially the trends of tomorrow.

If we say that high technology is the future of any economy, the Russian economy included, it will be impossible to achieve high-quality work applying high technology while using low-skilled labour. And if we need highly skilled workers, they will need to be paid for their work. Only if compensation for labour is adequate will qualified professionals work, making really high-quality products, and demand will grow, and the structure will change. This means this is the only opportunity for truly sovereign development, technological and economic leadership.

The state is trying its best to meet businesses halfway, helping them resolve the most urgent problems, including with logistics, orders and the availability of working capital. And as such,

my colleagues, we can count on reciprocal steps on the part of business owners, on their social responsibility. We talk about this all the time.

I will repeat what I said at the recent congress of the Russian Union of Industrialists and Entrepreneurs and at the meeting with Delovaya Rossiya members. The businesses that implement long-term projects looking to strengthen Russian technological, industrial and agricultural sovereignty, should receive assistance from all levels of government. We will help companies that invest in the development of their business in Russia, that do not pump their money out, that support state investment in infrastructure, in the development of cities and territories, in environmental projects.

I would like to emphasise once again that measures of state support for the economy, industries and backbone enterprises should lead to an increase in employee wages, an improvement in their working conditions, and the expansion of social packages for the staff. I ask the Government to pay close attention to this.

Today, Russia has a packed and very ambitious economic agenda. The difficulties and challenges we are facing work as incentives for all of us, incentives to increase the pace and quality of transformations, to achieve more in improving the quality of life, prosperity and well-being of our citizens.

We will definitely continue to strengthen our sovereignty in all areas. In this work, we are certainly open to equal partnership with all countries – with all those who, like Russia, value their national interests and are ready to determine their own future.

Thank you very much. Thank you for your patience. Thank you.

(Applause.)

Dimitri Simes: Mr President, thank you for this powerful speech.

Before I give the floor to the President of Algeria, I would like, if you don't mind, to ask you a couple questions.

You talked about many things, important things, and you cited numbers and facts to showcase Russia's development in very challenging conditions, its progress along this path, the social focus of it, and how this is keeping Russia's economy open and strengthening it. All of that is very important, positive, and I would say, Mr President, surprising because this is happening against the backdrop of international tensions, the conflict around Ukraine and the continued fighting there.

It is clear that for many of us here it is of great importance to hear your perspective on what is happening on the frontline. As many have said in Russia, in Washington, London and Brussels, the Ukrainian counteroffensive has begun. It is already clear that it has evidently failed to meet the expectations of the "collective West" so far.

I have been reading carefully what is being written about this counteroffensive. Especially, about those several breakthroughs that Ukrainians have proudly cited. It turned out these were not simply breakthroughs on a purely tactical level, but more importantly, Mr President, they are all happening without even reaching the first line of Russian defences. So it is not just that that line is holding, it is that Ukrainian equipment and personnel are getting mauled even before any serious fighting begins.

At the same time Ukraine has been reported to have got another 60,000 or more troops trained in the West, and they are getting

ready for certain actions going forward.

What do you think about this? How serious do you think it is? It is clear from your speech that you remain optimistic about the ability of Russia to continue dealing with this situation. Please, share your thoughts with us.

Vladimir Putin: I recently met with our war correspondents. When asked a similar question, I said that the war in Ukraine, in its southeastern parts, was started by the Kiev regime with the support of its Western sponsors in 2014. People try to avoid this subject in the West. But I have to say that aviation, tanks and artillery were used in the northwest against Donbass. What was that if not a war? It is a war. And it has been going almost for nine years now. Then our so-called partners, our counter-partners publicly refused to settle the conflict peacefully. This forced us to use our Armed Forces in an attempt to put an end to this conflict.

If someone is trying to pass the buck, these are attempts to do so by unfair means. We here know how it really started.

We were not the ones who tried to dupe our partners. As it turned out, signing the Minsk agreements, they never meant to implement them, and they have since gone public about this, virtually making a confession. Both the Ukrainians and the Europeans have said so publicly. So we were forced to use our Armed Forces, to recognise the independence of the Donetsk and Lugansk people's republics, to allow them to accede to Russia at their request, and then to provide military support to them in an attempt to end this armed conflict. This is the first thing I want to say.

Second, of course we see that the Western countries are going all-

out on Russia to sustain what they call a defeat on the battlefield. Indicatively, they are talking about a strategic defeat and are doing all they can to inflict it. We are fully aware of this, but we have set definite goals on the denazification and demilitarisation of these territories.

As for demilitarization... Look, soon Ukraine will have to stop using its own hardware. There will be nothing left. Everything they are fighting with and everything they are using is being brought in from the outside. But it is impossible to fight like that indefinitely.

Meanwhile, our defence industry is gaining momentum every day. We have increased military production by 2.7 times during the last year. Our production of the most critical weapons has gone up ten times and keeps increasing. Plants are working in two or three shifts, and some are busy around the clock. This proves to us that our safety margin is very big.

What is happening with this so-called counteroffensive? Not quite as planned – in some places, Ukrainian units are reaching the first line whereas in others, they are not, but this is not the main point. The problem is that they are using so-called strategic reserves that consist of several components. The first one is designed for breaking defences; the second one, for using troops to hold territories and move on these territories. What is really important is that they have not reached their goals in any section.

Indeed, they have sustained very heavy losses – even more than one to ten compared to the Russian army. This is a fact.

As for hardware, every day they are losing more and more hardware. As of today, the Ukrainian army has lost about 186 tanks and 418 armoured vehicles of different types. I am not talking about personnel – this is for the Defence Ministry

to announce. But, let me repeat that there are no successes in any of the directions. The enemy has gained no success, as the military report.

As we are talking, another attempt is taking place at the Vremevsky ledge. The enemy is trying to attack in several areas using several units with support of five tanks. The same is taking place in the Zaporozhye direction with the support of two tanks and several armoured vehicles. They came to the first line and lost several tanks. A battle is ongoing there now. I think the Armed Forces of Ukraine have no chance here and won't have a chance here like in other areas. I have no doubt about this.

Dimitri Simes: Thank you.

You know very well that perhaps no other statement of yours about Ukraine irritates the collective West more than the statement that Nazism plays a large role in Ukrainian politics and that denazification is required.

In response, you are told: "What are you talking about? [President of Ukraine Vladimir] Zelensky is Jewish. He is a legitimately elected president, and it is clear that he stands for everything good (Western) against everything bad (Russian). So it is not for you to say that he sides with the Nazis." How do you respond to this?

Vladimir Putin: I have had many Jewish friends since childhood. They say: Zelensky is not a Jew but a disgrace to the Jewish people.

This is not a joke or irony. Do you understand? After all, neo-Nazis, followers of Hitler, have been raised on pedestals as today's heroes in Ukraine. The Holocaust means killing 6 million Jews, one and a half million of which were killed in Ukraine, and primarily

at the hands of Bandera followers.

I had no doubt that you would ask such a question and last night, when I was going to bed, I called Moscow and asked them to compile some materials. I called them when I was here already. Look, Yaroslav Stetsko, head of the Organisation of Ukrainian Nationalists, Bandera's faction, 1939: "Moscow and Judaism are Ukraine's greatest enemies. I insist on the extermination the Jews and the need to adapt German methods to dealing with Jewry in Ukraine."

Another activist. July 10, 1941, the Lvov pogroms, when German units entered Lvov. A certain Stepan Lenkavsky writes, "Regarding the Jews, we accept all methods that will lead to their complete extermination." What is this?

You know, I read the testimony of a freak from among Bandera followers after the war, where he wrote about how he and other people like him led a Jewish family to be shot. It is impossible to read this without getting a lump in your throat. The head of the family was a disabled man, missing an arm, his wife and two children, 11 and 7 years old, I think, both girls. They took them to be shot. That disabled man knew what was going to happen, everyone understood that they were being led to an execution, so he hugged the dog with his one arm and started to cry. They took him away and shot him. And his children, girls, aged 7 and 11, too.

One and a half million Jews were killed, without counting the Russians and the Poles, who, by the way, have not forgotten, at the everyday level, about what happened in Ukraine because of the Bandera followers. Well, the Poles have their own goals; they dream of retaking Western Ukraine. And, apparently, they are

gradually moving towards this goal. But we are talking about the Holocaust. How can you deny it?

I offer my apologies to the President of Algeria, our guest. I knew you would ask me that. To reiterate, as I was going to bed yesterday, I asked to not only send this piece of paper, but also to send something more tangible. We keep saying the same thing over and over again. Bandera was an anti-Semite and a neo-Nazi. But no one appears to want to hear that because Zelensky has Jewish blood. But he is covering for these freaks, these neo-Nazis, with his actions.

Ok, they tore down a monument to Lenin. I spoke with journalists recently, ok, it is your own business, although he is the founder of modern Ukraine, never mind. But why are you putting Nazis on this pedestal?

I am not sure if they had a chance to get that video ready, I asked them to. Do you have it? There should be some material lasting two minutes. Please play it if you have it.

(A military chronicle is screened.)

Vladimir Putin: This is Bandera and his minions. These are the people who today are the heroes of Ukraine, whom the current Ukrainian government is defending, both as individuals and their ideology. How can you not fight this? We must fight this. Russia was the country hardest hit by the war against Nazism. We will never forget this.

Just like ordinary people in Israel, by the way. Check what they are saying on the internet in plain, clear Russian. Take a look and you will understand everything.

How can you not fight it? If this is not the current edition of neo-Nazism, then what is it? We have every right to believe that our goal of denazifying Ukraine is one of the key goals.

Dimitri Simes: Thank you, Mr President. For my part, I have a small remark to make.

Mr Zelensky spent some time in Moscow during his colourful career, including on Channel One. I spoke to some people who knew him well. None of them remembers him identifying as a Jew.

He is a person with Jewish roots. Look, in the Soviet Union in the last years of Stalin's life there were members of the Politburo, like Kaganovich, who were Jews. They had many relatives, wives in particular, who were Jewish. And there were Jews in the leadership of the Security Service, including generals. But no one is denying the fact that anti-Semitism existed under Stalin and that there were lawless actions based on it. So, the argument that if someone has Jewish roots, his regime objectively cannot pursue an anti-Semitic policy does not seem credible to me, to say the least.

And now I ask the President of Algeria to share his words of wisdom.

Please, go ahead, Mr President.

President of the People's Democratic Republic of Algeria

[Abdelmadjid Tebboune](#) (*retranslated*): In the name of Allah, the Most Beneficent and the Most Merciful!

First of all, I would like to thank Your Excellency, Mr Putin, for laying out the major plans for the development of the Russian Federation. We wish you success in implementing this ambitious

programme.

Mr President, Your Excellency Vladimir Putin,

Your Highness Sheikh of the Emirate of Ras Al Khaimah,

Ladies and gentlemen,

I would like to begin by expressing my deep gratitude to Your Excellency, Mr President, who invited me to take part in this important forum in your beautiful city of St Petersburg, which is world-renowned for its culture, arts, its glorious history which embodies the entire history of the Russian people.

Let me also express my deep gratitude to the organisers of this important forum. This forum, which has been held for several years, is a significant and high-profile event throughout the entire world, and its role is now increasing in view of the multiplying and accumulating challenges many countries are dealing with. I should say that no state can withstand all those challenges on its own. These challenges require the coordinated efforts of the entire international community to find solutions to the problems facing humankind.

Russia is a significant contributor to mitigating current crises through its policies, supplies of wheat to needy countries, developing partnerships with a wide range of countries, and primarily with poor nations. Russia provides assistance to those countries, as they suffer most from the crises that have emerged.

Ladies and gentlemen,

Cooperation between Russia and Algeria is not limited to just trade. It includes the exchange of agricultural products,

cooperation in politics, our political consultations.

Russia also plays a key role in meetings of natural gas producers. Russia does a lot to organise gas exports. I had a conversation with President Putin yesterday. We discussed the issue of developing our strategic relationship and raising it to a level which meets our mutual interests.

Ladies and gentlemen,

Algeria is going through an important period of comprehensive economic development. Algeria has become a very important recipient of investment. The Government is working hard to provide various benefits to bring investment to our country. We have put forward a compelling plan for developing agriculture and energy, as well as a variety of industries, including food production, processing industry, and so on.

We are investing heavily in developing green energy and spare no effort to conserve nature, to confront climate change and to make our contribution to overcoming this problem. We are open to everyone who is willing to support our efforts to promote a conducive environment for investment. We encourage investors from all over the world, including Russia, to come to Algeria. We will certainly provide them with many benefits. We will create an environment for lucrative investment.

In this connection, I can cite for you some of Algeria's achievements. I have some numbers to share with you. Algeria is among a small group of African countries that are almost debt-free. GDP growth in our country stands at 4.3 percent, which is much higher than in the neighbouring countries.

These growth rates will pick up steam starting this year, since we

have adopted a new investment law which provides significant benefits and protection for investors. We have adhered to this policy from the day our state was created.

Now that the law has been adopted, we will proceed with a number of practical moves. We have adopted many of them, actually. These measures will be in effect for the next 10 years in order to attract investors and let them feel secure about their earnings and capital.

I am not going to take much of your time. Of course, our economy is not as extensive as Russia's. Thank you for inviting me over to take part in your forum. Thank you, President Vladimir Putin. Thank you for your attention. Thank you very much. I wish you every success. Peace be with you.

Dimitri Simes: Mr President, thank you for sharing your country's investment policy goals with us. You have been at the helm since 2019, and you are the sixth President of Algeria. You are doing a lot to promote your country's economy.

I must also say that your country has a special tradition of independence and fighting colonialism. As a matter of fact, Algeria has become an independent state as a result of this struggle. Your country has come under a lot of pressure to have you join the sanctions against Russia in one way or another and not to cooperate with Russia, at least not to buy Russian armaments. How do you respond to this pressure?

Abdelmadjid Tebboune (*retranslated*): I can answer this question with literally one phrase: the Algerians were born free and will remain free.

Dimitri Simes: This is a fairly exhaustive answer that says it all.

I have a question about your energy policy. Which energy projects in your country do you find particularly attractive for foreign investors?

Abdelmadjid Tebboune (*retranslated*): Thank you very much.

There is a new law on energy: we have adopted a law on exploration work which ensures all guarantees for companies that operate in Algeria, including Gazprom, as well as for other foreign companies. We provide all guarantees for them to export their capital the way they choose to. We welcome them all.

We are making efforts. The population of Algeria is about 60 million now, the majority being young people – and we must work to ensure their future. Given this demographic situation in Algeria, by 2030 its population will probably exceed 60 million. We must produce more energy, more oil, more gas.

We are exporting both gas and oil, with more gas than oil. We have plans for fuel recycling. We are also taking efforts to make greater use of oil refining facilities to export refined products rather than pipeline oil.

In addition, Algeria currently consumes approximately 72 percent of natural gas it produces. We produce enough for our economic growth.

As esteemed President Putin has already mentioned, Algeria is making consistent efforts to end its dependence on oil and gas. And we are working to ensure that our exports include not only fuel, not only oil and gas.

Dimitri Simes: Mr President, thank you very much.

I would like to address President Vladimir Putin. While we are

on the subject of dependency on oil and gas sales, Mr President, I would like to mention a report that has just been released by US Department of the Treasury, which claims they have succeeded in forcing Russia to sell its oil in the international market at a 25 percent discount – which they obviously explain by their restrictions and caps set by the EU, and so on.

So I have a two-part question. First, to what extent, in your opinion, this assessment by Washington is actually accurate? And second, what efforts are you taking for Russia to receive more money for its oil and gas?

Vladimir Putin: First of all, I want to say that any non-market restrictions in global trade regardless of the sector are counter-productive and detrimental to the entire world economy, for the entire global trade, which means they are damaging for those who initiate such restrictions as well.

When we issue respective decisions – you probably know that we decided to restrict, at the regulatory level, our companies' cooperation with those who impose restrictions on our goods, including in energy and oil. This has a certain effect on global markets and prices. Eventually, we always side with those who exercise common sense and genuinely care about the health of the global economy and global energy markets. I am talking primarily about our partners in OPEC Plus. We make joint decisions to minimise the potential negative effects of politically motivated decisions in the economy on the global economic community and global energy markets.

Of course, these restrictions have a negative effect on us. But, first, we have different concessions for different markets. This is

the first point. In some cases, these concessions are minimal. Second, as I said, all these concessions affect global pricing one way or another, and overall, we are fully satisfied with the current pricing situation.

Production is on the rise, and we are also fully content with this situation inside the country. Sales volumes are considerable.

Yes, it has repercussions for budget revenues, without a doubt, as well as for gas prices and sales in certain markets, mainly European. But we are gradually replacing some markets with others, and it is by no means a disaster.

These developments encourage Russian companies to step up their game and search for new logistics channels and new partners, and they are succeeding. Our companies have to boost their professionalism, if you wish. It is not enough to just deliver goods to a port and sell them. I do not want to dive into all their instruments, but our companies buy assets abroad and refine crude oil into oil products.

In general, the Russian oil and gas market is in good condition and has excellent development prospects.

The President of Algeria is here. Algeria is also a member of OPEC Plus. Russia and Algeria consult with each other when it comes to respective decisions within this organisation. I must say that all the decisions within OPEC Plus on reducing production and other issues are first and foremost depoliticised. These decisions are not affected by Russia's special military operation or any other opportunistic considerations. They are based on economic feasibility for both the producers and consumers. All in all, we manage to balance out the market together.

Dimitri Simes: Thank you.

Mr President, you are well aware of the fact that there is a new approach now in the collective West's rhetoric about sanctions against Russia. They are now talking not just about punishing Russia, but about limiting Russia's capabilities, specifically your capability as Supreme Commander-in-Chief, to mobilise economic resources in order to confront the collective West in Ukraine. In particular, they say that the focus should be not so much on ratcheting up sanctions as preventing other countries from working around them.

Moreover, the sanctions are being interpreted, as they in the West like to say, not just at the level of laws, but also at the level of rules: that is, they do not want Russia to have money to continue the war effort, meaning that access to this money must be withheld. And it is no secret that significant pressure is being exerted on many countries, including even China and India, and on specific companies.

What is happening in this area? Does Russia feel the pinch of the new sanctions pressure? Are Washington, Brussels and London having any success in preventing Russia from getting the much-needed funds for the ongoing combat operations?

Vladimir Putin: There is more to it than just the financial means for conducting combat operations. It is about our country's development. As I said in my opening remarks, the world is going through a deep transformation. After all, we did not begin to shift our focus to the Asian markets, to Africa and to Latin America just yesterday. We started this process long before the tragic events in Ukraine, way before them.

Why? Because global economic trends are changing, and leaders are changing, and new ones are coming to the fore. After all, trade between China and the EU countries is growing at an even higher pace than our trade with China. When I hear someone say that we will become dependent on China, my question is what about you? You became dependent on it a long time ago. Do you see my point? They became dependent long ago. So, it seems it is okay for them to become dependent.

We have good – not just neighbourly – but really good relations with China, India and other countries. Other countries, such as Indonesia with its vast market, are growing at a very fast pace. Latin America is also growing and will continue to grow. Africa has vast growth potential.

True, they are facing many challenges, but, you know, all of them are on the rise and the attempts to artificially hobble their growth backfire on the countries that impose restrictions. We are not gloating, but it is not bringing and will not bring about the circumstances that will hinder our growth.

I have already cited the figures: we have both a growing turnover and a stable macro economy. We have economic growth starting with last year's second quarter – already from the second quarter. At present GDP is growing at 3.3 percent. By the year's end everything will have been adjusted, of course, and it will be, let's say, within 1.5–2 percent. We would like this figure to be more like Algeria's GDP, over 4 percent, or India, which is the overall leader at the moment.

You see, in today's world it is hard to make other countries mindlessly tow to somebody's interests; it is practically impossible

sometimes. How can you force a country with a multimillion population to say: “Don’t buy Russian grain, starve, let your people die of starvation!” Who could say this? If there is someone who can say that, some crazy man who says that, they will not listen to him, that is the problem.

Those who do it should finally realise that it is counterproductive not only for the global economy, which is hard to perceive at one glance; it is unacceptable for millions of people. Unacceptable.

They spoke about the need to fight for the environment. Europe has sharply increased power generation from coal, and it is being done by the same people, the so-called greens, who just yesterday were the most vocal about the need to completely shut down coal power generation as well as nuclear power generation. Today they are using nuclear energy and coal, meanwhile in the energy structure of some European countries coal is used many times more than in Russia. Everything has been forgotten, all that blabbering has been dumped! Including due to previous decisions being totally ungrounded economically.

And the current situation, the current crisis in Ukraine is beneficial for them. It is a pretext to conceal their economic mistakes both in energy and finance. They have driven the situation to an inflation spike. Why? Because they were flooding their economy with trillions of dollars. The US allocated US\$9 trillion whereas Europe – I may be wrong as I do not remember exactly – pumped in 5 trillion euros, thus spurring inflation.

It was not us who did it – they did it before the events in Ukraine. Now they are covering up their mistakes by saying that Russia must be punished, and Russia is made a scapegoat. Sorry, it won’t

work.

I do not know what Mr President thinks of our cooperation in OPEC Plus, but I think you will agree that this joint work of ours is absolutely depoliticised.

Abdelmadjid Tebboune (*retranslated*): I fully agree with my great friend Vladimir Putin.

All of us are aware of the fact that there are attempts to politicise certain economic decisions. The economy should be free from politics. So, if I may, I have something to add to what you just said.

What we are witnessing today is a new undeclared cold war, an economic war. This war is unnatural in and of itself, because there is a difference between what was going on in the early 1950s and what is happening now. After all, needs have changed.

There are not many countries that produce as much grain as you do. No one can force you to abandon your policies, including in the area of agriculture and grain supplies.

I hope that the people who come up with such crazy initiatives will come to their senses and start pursuing a constructive economic policy.

Thank you.

Vladimir Putin: Dimitri, I have just a few words to add to that.

Indeed, it is impossible to force countries to mindlessly follow the requirements of some countries that are unfriendly to us and have been consistently fighting Russia for decades. After all, the means they are using ...

Let us think back to the bloody events in the Caucasus in the late

1990s – early 2000s. What was it all about? Everyone was condemning Al-Qaeda, but when Al-Qaeda started fighting us in the Caucasus, that was all forgotten. If there is anything they can use in their fight against Russia, they use it to its fullest, just like they used Al-Qaeda. Today, they are using neo-Nazis in Ukraine. They forgot that they are dealing with neo-Nazis; no one remembers that or utters a word about it. They have put a well-known person at the helm who is covering for this neo-Nazi cabal, with no end in sight. Nobody hears anything.

You and I have just watched a video where Bandera followers were walking under the Nazi flag and killing people. Do you think anyone will show this video there? No, they will block this information, because they are using this mechanism to fight us.

They are using energy, food, financial and every other tool to fight us. To reiterate, the world is changing very quickly, and these tools are becoming ineffective and are backfiring, primarily, on those who are trying to use them to fight Russia.

Dimitri Simes: Regarding the tools, Mr President. While these tools are being used against Russia, you have also been credited with using a certain tool against the United States. In many ways, that country's economic and even political clout has been driven by the US dollar's role in the international financial system. Now they say that you are taking advantage the current conflict, the conflict with the United States, to launch and accelerate the process of de-dollarisation. First, is this true? And, secondly, to the extent that this is true, what are the results of this process – to abandon the dollar and reduce the dollar's hegemony in the international financial system?

Vladimir Putin: First of all, I would like to say, and I hope that Mr President will agree with me, because our friends are carefully analysing what is happening in this area, including in the Arab world and Africa. This is what I would say: we have never been aiming to de-dollarize the Russian economy, let alone to de-dollarize the global economy or influence that process. We are not setting such goals now. The impact of any currency on the global economy directly depends on the national economic potential of the issuer of that currency. The United States is one of the world's major economies, although it is now behind the Chinese economy in terms of purchasing power parity – the Chinese economy is bigger now – but nevertheless, the United States is a great economy, and clearly, the American people need to be credited for that; they are talented and capable, and no one denies this. It is just that the current political leaders of that country are abusing their people's trust, the trust of the American nation.

I am saying this with full knowledge of the matter. In particular, because by pursuing momentary opportunistic political goals – it is a big question whether these goals benefit the interests of the United States – they are undermining their own influence, including in international finance. Because by weaponising the dollar – and really there is no other way to put it – they are compromising the reliability of the American currency both as a payment instrument in international trade, and as a form of savings, a reserve currency.

The major economies' dollar reserves are declining from year to year. Not as fast as some would have wanted maybe, but they are declining, as are international transactions in dollars. Payments in euros are also shrinking, while mutual payments

in national currencies are growing – for instance, in yuan or certain currencies of Arab countries.

It is no coincidence that Latin America has been coming up with ideas and projects for creating their own currencies, a process totally unrelated to the developments in Europe; it is no coincidence that the Arab world has long been talking about creating their own single currency, and Asia is talking about it, too. The share of international settlements in yuan is growing. If oil producers in the leading Arab countries are now saying that they are ready to accept payment for their oil in yuan, you know, we have absolutely nothing to do with it.

But if this trend gains momentum on exchanges, or if new oil and gas exchanges appear where transactions are not made in dollars, this is the beginning of the dollar's end. We have nothing to do with it. They are doing it with their own hands, and this gives me every reason to believe that today's political elites are abusing the trust of the American people and are actually leading the nation to the negative consequences that I mentioned.

Dimitri Simes: This prompts another question.

You have had dealings with such Western leaders as President Chirac, Chancellor Schroeder and Prime Minister Berlusconi.

I have an impression that when you look at leaders of, at least, European countries, and probably the United States as well, you are dealing with people of a different calibre, and one difference from the past leaders – who, incidentally, cannot be accused of excessive love for Russia – was their sense of healthy pragmatism and realism in that they understood that to any action

there is an equal and opposite reaction, that if you take steps against another great power, then this may have serious consequences for you.

When I look at current Western leaders, I have a feeling that they, if you like, have lost touch with reality. For example, Chancellor Scholz and President Macron complain of not having enough contacts with you, and more generally with the Russian leadership, yet they simultaneously, as you said, plunge deeper and deeper into the war in Ukraine.

So my question is this: do you consider NATO to be a participant in the war in Ukraine? And if NATO is a participant in the war in Ukraine, then it is hard to imagine there is any room for constructive diplomacy. Or am I wrong?

Vladimir Putin: Of course, NATO is becoming involved in the war in Ukraine. What are we talking about? There are deliveries of military hardware, heavy equipment. Now they are considering supplies of aircraft as well. I have already mentioned today that we are seeing attempts to mount attacks by two companies with the support of five tanks in one area. One and a half company supported by two tanks makes attempts in another area. The tanks are burning; several tanks have been destroyed, including the Leopards. Several tanks, including the Leopards, burned yesterday too. They are burning. The F-16s will be burning too, no doubt about it.

But if they are located at air bases outside Ukraine and are used in hostilities, we will have to think about how and where we can hit the resources that are used against us in the hostilities. There is a serious danger of NATO's further involvement in this armed

conflict.

As for the Western leaders, you know, I never state any assessments with regard to my colleagues. No matter whether our personal relationships work out or not, I believe this is not acceptable.

And by the way I never say anything about Mr Zelensky, either. The only thing that I cannot accept at all – how can one support the neo-Nazi scum and elevate them to the status of national heroes regardless of a particular person's ethnicity? This is the point, the most important thing.

I would like to reiterate that I have never stated any assessments about anyone. But something has just occurred to me. I would like to apologise to the audience. Former Italian Prime Minister Silvio Berlusconi passed away recently. He put a lot of effort into building good long-term relations between Russia and NATO countries, which you just mentioned. He was a very optimistic person and very active and energetic. Without exaggeration, I consider him a figure of global importance. I would like to apologise and ask the audience to commemorate his memory with a minute of silence.

(A minute of silence.)

Thank you.

As for Mr Chirac, this was a person possessing encyclopedic knowledge in the full sense of the word. Some of today's leaders do not even have a higher education, but it is the specifics of the political system in some countries that promotes people with, let us say, limited educational training and cultural levels.

Jacques Chirac is not with us anymore, he was a major political figure. I asked him once: why do US leaders behave in such a manner, act so aggressively and short-sightedly in some cases? He answered me in Russian: because they are uncultured. Direct quote.

And this has to do with the level of general education and understanding of the trajectory of real-world processes or lack of understanding of these real-world processes. But, no matter what, we respect all our partners. I hope that the current challenges we are facing, including in the sphere of security, will lead us to an understanding that security must be equal for everyone, something we have always told our partners.

Dimitri Simes: In other words, Mr President, despite the role of NATO, of the collective West in the war in Ukraine, you are not closing the door to diplomacy with western leaders and you are open to seeking a peaceful settlement? Is that so?

Vladimir Putin: We never closed it. They were the ones who decided to close it, yet they keep peeking through the crack at us, including with your help. *(Laughter.)*

A very interesting topic concerning global currencies came up. I do not know, Mr President, the stage of consideration it might be in, but is there anything in the Arab world suggesting that our colleagues are still thinking about creating a single pan-Arab currency? Is there anything going on? I have not kept up with it.

Abdelmadjid Tebboune (retranslated): I would like for it to be so. I believe that some currencies have been sort of imposed on the rest of the world. But I speak on behalf of my country, on behalf of Algeria, we would like to join the BRICS organisation

in the near future to liberate our economy from certain pressures that we are being subjected to.

As for the single currency, fortunately, thank God, there are some strong currencies in the Arab world, for example the currency of Saudi Arabia, the United Arab Emirates. Some decisions that you have just mentioned as possible ones might be made, we will see.

Thank you.

Dimitri Simes (*addressing Vladimir Putin*): And how do you assess the level of your dialogue with the United States, the Biden administration? You are well aware that the former and (as he believes) future US President, Donald Trump, says that if he were president, the situation in Ukraine would have never escalated to armed conflict, and that he could resolve it very fast. Do you think that there is a constructive dialogue with the United States in this situation and whether it is possible at this stage?

Vladimir Putin: As far as Mr Trump is concerned, a host of sanctions and restrictions on Russia were introduced during his presidency. Note that there were no grievous, tragic events in Ukraine, not even a hint of them, yet sanctions were imposed. But I do not rule out that with a different administration [in the United States], we could have achieved a peaceful settlement plan, which Ukraine and western capitals rejected unfortunately. And they announced this publicly.

As for contacts, there are practically none. But we have never declined. If there is any desire to maintain a dialogue with us – welcome, it is not us who refuse to carry on a dialogue with them, they just shifted the focus of this dialogue to arms supplies. We will

burn everything they have supplied and see what they will do next.

I have already cited the number, around 30 percent, it is now confirmed that 30 percent of supplied heavy armoured equipment has been destroyed. Not only Bradleys and Leopards, these are overall figures. Two hundred eighteen tanks, including Leopards, and 418 armoured vehicles, with Bradleys among them, these are the numbers. But there are no doubts that this process will continue.

It would have been better for them to choose another path and seek peaceful means of resolving the dispute, but it has not come to that yet. We see that they are trying to win a victory on the battlefield. Good luck. We will see the result. It did not work so far and is unlikely to.

Dimitri Simes: But Washington seems to regard favourably, indulgently, the strikes inflicted on Russia – Russian territory, native territory, not disputed by anyone – more and more strikes, including the Kremlin, including terrorist attacks organised by Kiev: in Moscow where Darya Dugina died, and St Petersburg where a young blogger was killed and, of course, the drone attack on the Kremlin and so forth.

This is producing an interesting situation. On the one hand, the Biden administration strongly condemns such actions, says that it does not support such actions, that it never encouraged the destruction of Nord Stream 1 and Nord Stream 2. But, on the other hand, it does not even try to explain to Kiev that such actions are unacceptable and that they might have consequences for US support of Zelensky's regime. How do you assess the position of the United States and how are you going to deal

with it?

Vladimir Putin: Look, everything you have said is an attempt to provoke us into taking serious and powerful response measures. The attempt to damage the Kremlin, which is the residence of the President of the Russian Federation, attacks on the Belgorod Region and neighbouring regions of Russia are attempts to provoke us into taking response measures. Listen, we have destroyed five Patriot air defence systems near Kiev. Do you think it is hard for us to destroy any building or structure in the centre of Kiev? It is not. We are not doing it for several reasons. There are many reasons, but I will tell you about them later. I will tell this only to you so far, not in public.

But we do have this capability, and everyone knows this and is waiting for us to start pushing buttons. There is no need for that; this is the first point. There is no need for that, because the enemy is not succeeding on the frontline, that is the point. Knowing that there is little chance of success, they are provoking us into making a harsh response, hoping to point the finger at us and say, "Look at them; they are malicious and cruel; nobody should have any dealings with them." They want to say this to all the partners we are working with now. So, no, there is no need to take such actions.

As for talking or not talking with them, I will repeat that we have never refused to do it. It was them who decided to stop talking with us. If they do not want to talk with us, they are free not to do so. A day will come when they will want to do it, and then we will see when and what we can talk about with them.

As for these adjacent territories, it is an attempt to distract our

attention from the possible key areas of the main offensive they are considering, an attempt to force us to redeploy units we have amassed in other areas of combat, and so on. There is nothing unusual about that. We will react calmly, and we will fight back.

I have already said that if these attacks on our adjacent territories continue, we will consider the possibility of creating a buffer zone in the Ukrainian territory. They should know what this can lead to. We use long-range high-precision weapons against military targets, and we are succeeding in all these areas.

It is enough to look at the destruction of weapons depots and military personnel, including foreign mercenaries, and at the performance of our hardware in that area. We always respond. We do not advertise our response, but it is painful, and the enemy is aware of this.

Dimitri Simes: Regarding the “response.” You know better than I do that more and more Russian military experts, and not only experts, are beginning to talk about the potential use of tactical nuclear weapons. Only in extraordinary circumstances, that is, circumstances that do not yet exist, and we all hope they will never materialise, of course.

I would like to remind you of your visit to Washington that took place at a better time. You met at the Russian embassy with a number of American experts, including James Schlesinger, the former Secretary of Defence, and Brent Scowcroft, the former National Security Advisor to the President of the United States. Those people were primarily responsible for the development of the US limited nuclear strike concept in the 1970s. That was in the event of the advance of Soviet tanks in Europe,

to the English Channel.

They said (they were quite reasonable and very competent people) that this was not only a legitimate military tactic, but also a necessary part of nuclear deterrence. Because if the only nuclear strike that is possible is a strategic strike, then this is very unconvincing, because who would go this far? Well, unless there is no other choice at all. But tactical nuclear weapons, they said, were not only effective under certain conditions, but also a valid part of nuclear deterrence.

What do you think about this?

Vladimir Putin: I reject this. It is certainly theoretically possible to use nuclear weapons this way. For Russia, it is possible if there is a threat to our territorial integrity, independence and sovereignty, an existential threat to the Russian state. Nuclear weapons are created to ensure our security, in the broadest sense of the word, and the existence of the Russian state.

First, we see no need to use it; and second, considering this, even as a possibility, factors into lowering the threshold for the use of such weapons. This is my first point.

The second point is that we have more such nuclear weapons than NATO countries. They know about it and never stop trying to persuade us to start nuclear reduction talks. Like hell we will, right? A popular phrase. (*Laughter.*) Because, putting it in the dry language of economic essays, it is our competitive advantage.

As you know, we have been in talks with our partner in the Union State – with President Lukashenko – about deploying some of these tactical nuclear weapons to Belarusian territory. This has happened. The first nuclear warheads have been delivered

to Belarus, but only the first batch. There will be more. By the end of the summer, by the end of this year, we will complete this work.

This is an element of deterrence, so that everyone who thinks of inflicting a strategic defeat on us should keep this circumstance in mind.

Dimitri Simes: Mr President, as the Supreme Commander-in-Chief, you know better than I do that for deterrence to be effective the enemy should at least concede the possibility that, if deterrence does not attain its goal, you will do what the circumstances require. Did I understand you correctly?

Vladimir Putin: *(Addressing Abdelmadjid Tebboune.)* Mr President, what is he urging or forcing me to do? What does he want me to say? Does he want me to frighten the world? Why would I need to do it?

I have already said that the use of the ultimate deterrent is only possible in case of a threat to the Russian state. In this case, we will certainly use all the forces and means at the disposal of the Russian state. There is no doubt about that.

But I would like to remind everyone that the only country in the world that has used nuclear weapons against a non-nuclear state is the United States, which has delivered two strikes at cities in Japan: Hiroshima and Nagasaki. They thought that they had the right to do that. The precedent was created by the United States.

Dimitri Simes: Mr President, pardon me for pressuring you. It is my job.

As for more pleasant and important subjects, I would like to ask

you about Russia's place among the 10 leading world economies. As far as I know and according to respected sources, Russia holds the sixth place now.

Do you think that you will keep this position or even strengthen it? If so, how can this be done?

Vladimir Putin: There is no doubt that in the next few years we will keep our sixth place in terms of GDP in purchasing power parity. The top six are China, the United States, Japan, India, Germany and Russia.

In principle, Indonesia is approaching this group of the world's leading economies, because its population and economy are growing rapidly. Overall, powerful processes are underway in the developing economies.

Mr President mentioned the growth of population in Algeria, and its economy is growing as well. There are many interesting joint projects, which will certainly be implemented.

Today, the Russian economy is indeed the sixth largest in the world based on purchasing power parity. I have mentioned macroeconomic stability, the current economic situation and our forecasts. I have no doubt that we will definitely keep our sixth place.

We will see what happens next, considering the ongoing negative processes in the Federal Republic of Germany, which is the driver of the European economy, where the economy is expected to slump by 0.7 percent or something like this, if I am not mistaken. The unemployment rate and inflation are growing there. Inflation is 2.3 percent in Russia, and it can grow to 5 percent by the end of the year. But the figure for Germany is about 7 percent, as far

as I know, or over 5 percent. This is much higher [than in Russia]. You understand that this is unusual for such an advanced economy as Germany.

If this goes on, Russia may move further up in the rating.

Dimitri Simes: One of the economic challenges for Russia is lack of highly skilled labour. You have spoken about this and the measures that are being taken.

What is interesting is that a certain number of qualified specialists, especially IT specialists, left Russia when the special military operation was announced. I keep hearing, not only in Moscow but in Western media, too, that considerable numbers are starting to return.

Is this so? And insofar as it is, are you welcoming these people back to the country?

Vladimir Putin: I have just met with President of the United Arab Emirates [Sheikh Mohammed bin Zayed Al Nahyan] and we discussed this issue too: a large number of Russians are living in the Emirates, working there. And even more so in countries that are our immediate neighbours: Armenia, Azerbaijan, Kazakhstan, Uzbekistan.

You know, I see nothing wrong with it. Let people live and work where they deem fit. But it is one thing to live in Moscow, one of the world's best cities, with all of its infrastructure, social advantages and opportunities, and another thing is to live in some different city. It is one thing to live surrounded by one's native language and culture, and another to be cut off from them. It is one thing to live among friends, your normal social circle, among relatives and acquaintances who you want to see from time

to time, and another to live cut off from them. According to our conservative estimates, 50 percent of those who left have already returned. The process continues.

But if someone wants to live elsewhere, go for it. I am confident that this process is more positive than negative, because it will be another element connecting Russia with those countries where our economic and humanitarian contacts are developing.

Dimitri Simes: Mr President, Abdelmadjid Tebboune! Mr President, Vladimir Putin!

Last two questions.

First question to both of you. What would you like to say not only to all those present in the hall, but to the audience of millions and even billions listening to you speak.

Vladimir Putin: Be healthy and wealthy.

Dimitri Simes: President of Algeria.

Abdelmadjid Tebboune (*retranslated*): Thank you.

Our only goal, the goal of the whole of humanity, is to live in peace and amid progress, where the economy is growing, where the economy and ties between peoples are really integrating.

But with all wars, many are on the losing end of them, given the destruction they cause. This is why I would like to wish the whole of humanity peace, prosperity and security.

And I would like to use this opportunity to once again thank His Excellency President Putin who spoke with very measured words.

I would like to add that we are ready to make mediating efforts in the conflict around Ukraine. I conclude from your words, Mr

President, that you are a friend to the whole of humanity, a friend to all countries. Like in Algeria, we love everyone, except those who feel animosity toward us.

Thank you.

Vladimir Putin: I would like to thank Mr President for taking the time to come here.

Everyone in this audience understands what it means to come to Russia at this time and, in particular, to attend this event and to be together with us. This is proof of one's leadership qualities, character and respect for one's own national interests.

We have long-standing, close and friendly relations with Algeria. We love the Algerian people, who fought for their independence from 1954, as far as I remember, to nearly 1962–1963, and who have lost 1.5 million lives in that struggle. Even after they gained independence in 1962, the French army held nuclear tests in the Sahara, in the Algerian territory, in 1963–1964, and the country can feel the grave consequences of that to this day.

We have maintained traditionally friendly, truly close relations, which is no exaggeration, with Algeria and many other countries in the region and in Africa as a whole, as well as with Arab countries for many decades. And we can see that the leaders of these countries are being guided above all by their own national interests. At the same time, they are giving attention to what is happening here.

Mr President has mentioned this just now. We had a long conversation with him yesterday. Mr President has shown considerable interests in the developments in Ukraine. He has said

so in public now, and when we talked one on one, he also spoke out for peace and expressed a desire regarding the mediation efforts in which he might take part.

Mr President, we are grateful to you for your stance and your desire to help, including to support our efforts to reach a peaceful solution to the crisis in Ukraine.

Thank you very much.

Dimitri Simes: Mr President Putin, my last question. It is a difficult one but it would be almost obligatory in America. If President Biden was interviewed in a similar situation, he would be asked: What would you like to tell Mr Putin?

I do not know if there is anything you would like to tell Mr Biden, but, nevertheless, what main lesson would you like President Biden to draw from what you have said today in this audience and, more broadly, regarding Russia's foreign policy?

Vladimir Putin: President Biden is an adult person and an experienced politician. It is not my place to teach him. Let him do what he thinks necessary, and we will do what we think is in the interests of the Russian Federation and the people of Russia.

And everybody will have to take this into account.

Dimitri Simes: Mr President, you do not want to give advice to President Biden, but you have probably said the main thing: "Everybody will have to take this into account."

I think that this will conclude this very important and interesting meeting. We are grateful to the presidents of Russia and Algeria. It was an interesting and important discussion indeed.

Thank you.

Vladimir Putin: Mr Simes, thank you very much for our cooperative efforts.

Thank you.

(Applause.)