



**ПОСОЛЬСТВО РОССИЙСКОЙ ФЕДЕРАЦИИ
В РЕСПУБЛИКЕ СЛОВЕНИИ**

**VELEPOSLANIŠTVO RUSKE FEDERACIJE
V REPUBLIKI SLOVENIJI**

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PRESS RELEASE

Meeting of the Valdai International Discussion Club

Vladimir Putin took part in the final plenary session of the 14th annual meeting of the Valdai International Discussion Club titled The World of the Future: Moving Through Conflict to Cooperation.

The general topic of the Valdai Club this year is Creative Destruction: Will a New World Order Emerge from the Current Conflicts?

During the four days of the forum the participants are discussing political and social conflicts of the modern world and opportunities of society's adaptation to the new factors and conditions. Through analysis of the current conflicts experts and political scientists predict the shape of the future world.

This year the Valdai meeting brought together over 130 participants from 33 countries.

Alongside the President of Russia the speakers at the final session included former President of the Islamic Republic of Afghanistan Hamid Karzai, Research Director at the Norwegian Nobel Institute Asle Toje, and Executive Chairman of Alibaba Group Jack Ma.

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Research Director of the Foundation for Development and Support of the Valdai Discussion Club, moderator Fyodor Lukyanov: Friends, guests,

I am pleased to welcome you to the final plenary session of the 14th Valdai Club conference.

As always, we had three exciting days filled with discussions in the run-up to this session talking about the most important and pressing issues. Its name may sound a bit ostentatious this year. We borrowed it from a famous economist and sociologist of the 20th century, Joseph Schumpeter, namely, the term "creative destruction," which he coined and from which, according to him, a new order and a new world are born.

We spent these three days trying to figure out what part of this phrase we should focus on – creation or destruction. Very different points of view were expressed.

First, I would like to ask Chairman of the Board of the Valdai Foundation Andrei Bystritsky to quickly bring you up to speed with regard to our discussion and its outcome. Mr Bystritsky, please go ahead.

Chairman of the Board of the Foundation for Development and Support of the Valdai Discussion Club Andrei Bystritsky: Mr President, Mr Karzai, Mr Ma, Mr Toje, colleagues,

It is an honour to join you today during the final panel discussion of the 14th annual Valdai conference. I, and not only I, believe that the conference was a success. In any case, almost everyone I talked with spoke highly of our conference.

To a degree, I believe that the annual Valdai conferences, with their ever-improving, in my opinion, quality, are reminiscent of Franz Liszt's music sheets. He used to write notes

for the musicians in the margins. On the first one he wrote "play fast," on the second, "faster," on the third "as quickly as possible," and on the fourth, "still faster." So, we will need to come up with something special for the next Valdai conference.

Meeting of the Valdai International Discussion Club. Photo: RIA Novosti

The title of this conference is Creative Destruction: Will a New World Order Emerge from the Current Conflicts? This subject has become a natural continuation of previous Valdai meetings that focussed on the world order, rules of the global game and the like.

Needless to say, the idea that by destroying you may create is nothing new. They said in ancient times that everything is rooted in struggle and conflict. That said, development through contradiction is only possible when people are capable of approaching conflicts rationally and acting sensibly.

Regrettably, and this was noted in our club's preliminary report, a rational approach is currently in short supply. It seems we can give our club credit for coining what actually amounts to a new term – "strategic frivolity" – readiness to create extremely risky situations in favour of opportunistic, tactical and often even absurd interests. In general, the conference abounded in the most diverse and very striking statements, which reflected to some extent the general feeling that probably extreme times are coming.

After all, one participant said the main goal is to avoid war in the next 15 years, and another one estimated the likelihood of war on the Korean peninsula at 20 percent.

On the whole, during our conference we tried to discuss the broadest possible range of conflicts that determine the destiny of the human race. For instance, we spoke about the conflict between geopolitical views of the world. We said the elites of different countries have different perceptions of it. This means that there is no common vision on what future the human race needs. But at the same time, it is impossible to do without these general views because the world is much more united and its parts are tied up closer than ever before.

There is also another problem – the current world is not producing security so much as it is consuming and spending what was accumulated by many cautious politicians of the past. Some members of the club believe it is necessary to revise the once immutable geopolitical notions, such as the division of the world into the centre and periphery or mainland and seafaring nations.

We also discussed conflicts connected with humanity and technologies. In the relatively recent past, technologies accelerated and promoted the development of existing human qualities, helping us satisfy our requirements, for example, our need for speed. This is why the steam train was invented, of course. But today new technologies are changing the structure of our consumption, forcing us to accept new types of behaviour. Eventually, we will have artificial intelligence, in one form or another, and robots will replace people in many professions. What will people do then? How will they react? This is a big question, especially if artificial intelligence comes in the form of a charming blonde, as one of the forum participants said.

On the other hand, it is obvious that new information technologies have made the information space as precious as land was in the age of Columbus. Interference in others' information space is now viewed as a major threat to national security.

We also spoke about the conflict between man and nature, because people will need to live somewhere, even if together with artificial intelligence, but wildlife area is rapidly decreasing. Today, more tigers are living in captivity than in the taiga or the jungle. We agreed that we must change our attitude to nature and that the economy must be made subordinate in some degree to the dominance of the environment. The main thing is that human power has grown many times over, but have our responsibility for this world and our ability to regulate global processes increased commensurately.

Yesterday we also attended a presentation of the Future Preparedness Index, which the Valdai Club prepared with the VTsIOM public opinion centre. This index, which has been compiled

for the G20 countries, gauges the extent to which various countries are prepared to meet the challenges of tomorrow, which cannot be easily predicted.

And lastly, we awarded the new Valdai prize for contribution to understanding and explaining the changes taking place in the world. The jury decided to award the prize to Academician Vitaly Naumkin, an orientalist.

Thank you.

Fyodor Lukyanov: Thank you, Mr Bystritsky. As you can see, we had a packed agenda that embraced everything we could think of.

When experts get together, they can permit themselves alarmist sentiments and even a degree of pessimism, as they look fearfully into the future. But this is their advantage over politicians, because politicians and government officials certainly cannot afford this. They must be optimistic. It is to receive a dose of optimism that I give the floor to President of Russia Vladimir Putin.

President of Russia Vladimir Putin: Thank you very much.

I am not sure how optimistic it will sound, but I am aware that you had very lively discussions over the last three days. I will try, as has now become customary, to share with you what I think about some of the issues. Please do not take it badly if I say something that has already been said as I did not follow all the discussions.

To begin with, I would like to welcome Mr Karzai, Mr Ma, Mr Toje, our colleagues and all our friends. I can see many familiar faces in the audience. Welcome everyone to the Valdai Club meeting.

All disputes must be resolved in a civilised manner. We are firmly convinced that even the most complex knots – be it the crisis in Syria or Libya, the Korean Peninsula or, say, Ukraine – must be disentangled rather than cut.

By tradition, this forum focuses on discussing the most pressing global political as well as economic matters. This time, the organisers, as was just mentioned again, have come up with a fairly difficult challenge asking the participants to try to look beyond the horizon, to ponder over what the coming decades may be like for Russia and the international community.

Of course, it is impossible to foresee everything and to take into account all the opportunities and risks that we will be faced with. However, we need to understand and sense the key trends, to look for outside-the-box answers to the questions that the future is posing for us at the moment, and will surely pose more. The pace of developments is such that we must react to them constantly as well as quickly.

The world has entered an era of rapid change. Things that were only recently referred to as fantastic or unattainable have become a reality and have become part of our daily lives.

Qualitatively new processes are simultaneously unfolding across all spheres. The fast-paced public life in various countries and the technological revolution are intertwined with changes on the international arena. The competition for a place in the global hierarchy is exacerbating. However, many past recipes for global governance, overcoming conflicts as well as natural contradictions are no longer applicable, they often fail, and new ones have not been worked out yet.

Naturally, the interests of states do not always coincide, far from it. This is normal and natural. It has always been the case. The leading powers have different geopolitical strategies and perceptions of the world. This is the immutable essence of international relations, which are built on the balance between cooperation and competition.

True, when this balance is upset, when the observance and even existence of universal rules of conduct is questioned, when interests are pushed through at any cost, then disputes become unpredictable and dangerous and lead to violent conflicts.

Not a single real international problem can be resolved in such circumstances and such a framing of the issues, and so relations between countries simply degrade. The world becomes less secure.

Instead of progress and democracy, free rein is given to radical elements and extremist groups that reject civilization itself and seek to plunge it into the ancient past, into chaos and barbarism. The history of the past few years graphically illustrates all of this. It is enough to see what has happened in the Middle East, which some players have tried to reshape and reformat to their liking and to impose on it a foreign development model through externally orchestrated coups or simply by force of arms.

Instead of working together to redress the situation and deal a real blow to terrorism rather than simulating a struggle against it, some of our colleagues are doing everything they can to make the chaos in this region permanent. Some still think that it is possible to manage this chaos.

Meanwhile, there are some positive examples in recent experience. As you have probably guessed, I am referring to the experience of Syria. It shows that there is an alternative to this kind of arrogant and destructive policy. Russia is opposing terrorists together with the legitimate Syrian Government and other states of the region, and is acting on the basis of international law. I must say that these actions and this forward progress has not come easy. There is a great deal of dissension in the region. But we have fortified ourselves with patience and, weighing our every move and word, we are working with all the participants of this process with due respect for their interests.

Our efforts, the results of which were questioned by our colleagues only recently, are now – let me put it carefully – instilling us with hope. They have proved to be very important, correct, professional and timely.

There is a great deal of dissension in the region [Syria]. But we have fortified ourselves with patience and, weighing our every move and word, we are working with all the participants of this process with due respect for their interests.

Or, take another example – the clinch around the Korean Peninsula. I am sure you covered this issue extensively today as well. Yes, we unequivocally condemn the nuclear tests conducted by the DPRK and fully comply with the UN Security Council resolutions concerning North Korea. Colleagues, I want to emphasise this so that there is no discretionary interpretation. We comply with all UN Security Council resolutions.

However, this problem can, of course, only be resolved through dialogue. We should not drive North Korea into a corner, threaten force, stoop to unabashed rudeness or invective. Whether someone likes or dislikes the North Korean regime, we must not forget that the Democratic People's Republic of Korea is a sovereign state.

All disputes must be resolved in a civilised manner. Russia has always favoured such an approach. We are firmly convinced that even the most complex knots – be it the crisis in Syria or Libya, the Korean Peninsula or, say, Ukraine – must be disentangled rather than cut.

The situation in Spain clearly shows how fragile stability can be even in a prosperous and established state. Who could have expected, even just recently, that the discussion of the status of Catalonia, which has a long history, would result in an acute political crisis?

Russia's position here is known. Everything that is happening is an internal matter for Spain and must be settled based on Spanish law in accordance with democratic traditions. We are aware that the country's leadership is taking steps towards this end.

In the case of Catalonia, we saw the European Union and a number of other states unanimously condemn the supporters of independence.

You know, in this regard, I cannot help but note that more thought should have gone into this earlier. What, no one was aware of these centuries-old disagreements in Europe? They were, were they not? Of course, they were. However, at one point they actually welcomed the disintegration of a number of states in Europe without hiding their joy.

Why were they so unthinking, driven by fleeting political considerations and their desire to please – I will put it bluntly – their big brother in Washington, in providing their unconditional

support to the secession of Kosovo, thus provoking similar processes in other regions of Europe and the world?

You may remember that when Crimea also declared its independence, and then – following the referendum – its decision to become part of Russia, this was not welcomed for some reason. Now we have Catalonia. There is a similar issue in another region, Kurdistan. Perhaps this list is far from exhaustive. But we have to ask ourselves, what are we going to do? What should we think about it?

It turns out that some of our colleagues think there are "good" fighters for independence and freedom and there are "separatists" who are not entitled to defend their rights, even with the use of democratic mechanisms.

As we always say in similar cases, such double standards – and this is a vivid example of double standards – pose serious danger to the stable development of Europe and other continents, and to the advancement of integration processes across the world.

At one time the apologists for globalisation were trying to convince us that universal economic interdependence was a guarantee against conflicts and geopolitical rivalry. Alas, this did not happen. Moreover, the nature of the contradictions grew more complicated, becoming multilayer and nonlinear.

Indeed, while interconnectedness is a restraining and stabilising factor, we are also witnessing an increasing number of examples of politics crudely interfering with economic, market relations. Quite recently there were warnings that this was unacceptable, counterproductive and must be prevented. Now those who made such warnings are doing all this themselves. Some do not even conceal that they are using political pretexts to promote their strictly commercial interests. For instance, the recent package of sanctions adopted by the US Congress is openly aimed at ousting Russia from European energy markets and compelling Europe to buy more expensive US-produced LNG although the scale of its production is still too small.

We unequivocally condemn the nuclear tests conducted by the DPRK and fully comply with the UN Security Council resolutions concerning North Korea. However, this problem can, of course, only be resolved through dialogue. We should not drive North Korea into a corner.

Attempts are being made to create obstacles in the way of our efforts to forge new energy routes – South Stream and Nord Stream – even though diversifying logistics is economically efficient, beneficial for Europe and promotes its security.

Let me repeat: it is only natural that each state has its own political, economic and other interests. The question is the means by which they are protected and promoted.

In the modern world, it is impossible to make a strategic gain at the expense of others. Such a policy based on self-assurance, egotism and claims to exceptionalism will not bring any respect or true greatness. It will evoke natural and justified rejection and resistance. As a result, we will see the continued growth of tensions and discord instead of trying to establish together a steady and stable international order and address the technological, environmental, climate and humanitarian challenges confronting the entire human race today.

Colleagues,

Scientific and technological progress, robotic automation and digitalisation are already leading to profound economic, social, cultural changes, and changes in values as well. We are now presented with previously inconceivable prospects and opportunities. But at the same time we will have to find answers to plenty of questions as well. What place will people occupy in the "humans–machines–nature" triangle? What actions will be taken by states that fail to provide conditions for normal life due to changes in climate and environment? How will employment be maintained in the era of automation? How will the Hippocratic oath be interpreted once doctors possess capabilities akin to all-powerful wizards? And will human intelligence finally lose the ability to control artificial intelligence? Will artificial intelligence become a separate entity, independent from us?

Previously, when assessing the role and influence of countries, we spoke about the importance of the geopolitical factor, the size of a country's territory, its military power and natural resources. Of course, these factors still are of major importance today. But now there is also another factor – the scientific and technological factor, which, without a doubt, is of great importance as well, and its importance will only increase over time.

In fact, this factor has always been important, but now it will have game-changing potential, and very soon it will have a major impact in the areas of politics and security. Thus, the scientific and technological factor will become a factor of universal and political importance.

It is also obvious that even the very latest technology will not be able to ensure sustainable development on its own. A harmonious future is impossible without social responsibility, without freedom and justice, without respect for traditional ethical values and human dignity. Otherwise, instead of becoming a world of prosperity and new opportunities, this “brave new world” will turn into a world of totalitarianism, castes, conflicts and greater divisions.

Today growing inequality is already building up into feelings of injustice and deprivation in millions of people and whole nations. And the result is radicalisation, a desire to change things in any way possible, up to and including violence.

By the way, this has already happened in many countries, and in Russia, our country, as well. Successful technological, industrial breakthroughs were followed by dramatic upheavals and revolutionary disruptions. It all happened because the country failed to address social discord and overcome the clear anachronisms in society in time.

Everything that is happening [in Catalonia] is an internal matter for Spain and must be settled based on Spanish law in accordance with democratic traditions.

Revolution is always the result of an accountability deficit in both those who would like to conserve, to freeze in place the outdated order of things that clearly needs to be changed, and those who aspire to speed the changes up, resorting to civil conflict and destructive resistance.

Today, as we turn to the lessons of a century ago, namely, the Russian Revolution of 1917, we see how ambiguous its results were, how closely the negative and, we must acknowledge, the positive consequences of those events are intertwined. Let us ask ourselves: was it not possible to follow an evolutionary path rather than go through a revolution? Could we not have evolved by way of gradual and consistent forward movement rather than at a cost of destroying our statehood and the ruthless fracturing of millions of human lives.

However, the largely utopian social model and ideology, which the newly formed state tried to implement initially following the 1917 revolution, was a powerful driver of transformations across the globe (this is quite clear and must also be acknowledged), caused a major revaluation of development models, and gave rise to rivalry and competition, the benefits of which, I would say, were mostly reaped by the West.

I am referring not only to the geopolitical victories following the Cold War. Many Western achievements of the 20th century were in answer to the challenge posed by the Soviet Union. I am talking about raising living standards, forming a strong middle class, reforming the labour market and the social sphere, promoting education, guaranteeing human rights, including the rights of minorities and women, overcoming racial segregation, which, as you may recall, was a shameful practice in many countries, including the United States, a few short decades ago.

Following the radical changes that took place in our country and globally at the turn of the 1990s, a really unique chance arose to open a truly new chapter in history. I mean the period after the Soviet Union ceased to exist.

Unfortunately, after dividing up the geopolitical heritage of the Soviet Union, our Western partners became convinced of the justness of their cause and declared themselves the victors of the Cold War, as I just mentioned, and started openly interfering in the affairs of sovereign

states, and exporting democracy just like the Soviet leadership had tried to export the socialist revolution to the rest of the world in its time.

We were confronted with the redistribution of spheres of influence and NATO expansion. Overconfidence invariably leads to mistakes. The outcome was unfortunate. Two and a half decades gone to waste, a lot of missed opportunities, and a heavy burden of mutual distrust. The global imbalance has only intensified as a result.

We do hear declarations about being committed to resolving global issues, but, in fact, what we see is more and more examples of selfishness. All the international institutions designed to harmonise interests and formulate a joint agenda are being eroded, and basic multilateral international treaties and critically important bilateral agreements are being devalued.

I was told, just a few hours ago, that the US President said something on social media about Russia-US cooperation in the important area of nuclear cooperation. True, this is the most important sphere of interaction between Russia and the United States, bearing in mind that Russia and the United States bear a special responsibility to the world as the two largest nuclear powers.

However, I would like to use this opportunity to speak in more detail about what happened in recent decades in this crucial area, to provide a more complete picture. It will take two minutes at most.

Several landmark bilateral agreements were signed in the 1990s. The first one, the Nunn-Lugar programme, was signed on June 17, 1992. The second one, the HEU-LEU programme, was signed on February 18, 1993. Highly enriched uranium was converted into low-enriched uranium, hence HEU-LEU.

The largely utopian social model and ideology, which the newly formed state [the USSR] tried to implement initially following the 1917 revolution, was a powerful driver of transformations across the globe, caused a major reevaluation of development models, and gave rise to rivalry and competition, the benefits of which were mostly reaped by the West.

The projects under the first agreement focused on upgrading control systems, accounting and physical protection of nuclear materials, dismantling and scrapping submarines and radioisotope thermoelectric generators. The Americans have made – and please pay attention here, this is not secret information, simply few are aware of it – 620 verification visits to Russia to check our compliance with the agreements. They visited the holiest of holies of the Russian nuclear weapons complex, namely, the enterprises engaged in developing nuclear warheads and ammunition, and weapons-grade plutonium and uranium. The United States gained access to all top-secret facilities in Russia. Also, the agreement was almost unilateral in nature.

Under the second agreement, the Americans made 170 more visits to our enrichment plants, touring their most restricted areas, such as mixing units and storage facilities. The world's most powerful nuclear enrichment plant – the Urals Electrochemical Combine – even had a permanent American observation post. Permanent jobs were created directly at the workshops of this combine where the American specialists went to work every day. The rooms they were sitting in at these top-secret Russian facilities had American flags, as is always the case.

In addition, a list was drawn up of 100 American specialists from 10 different US organisations who were entitled to conduct additional inspections at any time and without any warning. All this lasted for 10 years. Under this agreement, 500 tonnes of weapons-grade uranium were removed from military circulation in Russia, which is equivalent to about 20,000 nuclear warheads.

The HEU-LEU programme has become one of the most effective measures of true disarmament in the history of humankind – I say this with full confidence. Each step on the Russian side was closely monitored by American specialists, at a time when the United States limited itself to much more modest reductions of its nuclear arsenal, and did so on a purely goodwill basis.

Our specialists also visited enterprises of the US nuclear arms complex but only at their invitation and under conditions set by the US side.

As you see, the Russian side demonstrated absolutely unprecedented openness and trust. Incidentally – and we will probably talk about this later – it is also common knowledge what we received from this: total neglect of our national interests, support for separatism in the Caucasus, military action that circumvented the UN Security Council, such as the bombing of Yugoslavia and Belgrade, the introduction of troops into Iraq and so on. Well, this is easy to understand: once the condition of the nuclear complex, the armed forces and the economy had been seen, international law appeared to be unnecessary.

In the 2000s our cooperation with the United States entered a new stage of truly equitable partnership. It was marked by the signing of a number of strategic treaties and agreements on peaceful uses of nuclear energy, which is known in the US as the 123 Agreement. But to all intents and purposes, the US side unilaterally halted work within its framework in 2014.

The situation around the 2000 Plutonium Management and Disposition Agreement (PMDA) of August 20 (signed in Moscow) and September 1 (in Washington) is perplexing and alarming. In accordance with the protocol to this agreement, the sides were supposed to take reciprocal steps to irreversibly convert weapons-grade plutonium into mixed oxide (MOX) fuel and burn it in nuclear plants, so that it could not be used for military purposes. Any changes in this method were only allowed by consent of the sides. This is written in the agreement and protocols to it.

What did Russia do? We developed this fuel, built a plant for mass production and, as we pledged in the agreement, built a BN-800 plant that allowed us to safely burn this fuel. I would like to emphasise that Russia fulfilled all of its commitments.

In our opinion, the UN, with its universal legitimacy, must remain the centre of the international system. Our common goal is to raise its authority and effectiveness. There is no alternative to the UN today.

What did our American partners do? They started building a plant on the Savannah River Site. Its initial price tag was \$4.86 billion but they spent almost \$8 billion, brought construction to 70 percent and then froze the project. But, to our knowledge, the budget request for 2018 includes \$270 million for the closure and mothballing of this facility. As usual, a question arises: where is the money? Probably stolen. Or they miscalculated something when planning its construction. Such things happen. They happen here all too often. But we are not interested in this, this is not our business. We are interested in what happens with uranium and plutonium. What about the disposal of plutonium? Dilution and geological storage of the plutonium is suggested. But this completely contradicts the spirit and letter of the agreement, and, most important, does not guarantee that the dilution is not reconverted into weapons-grade plutonium. All this is very unfortunate and bewildering.

Next. Russia ratified the Comprehensive Nuclear-Test-Ban Treaty more than 17 years ago. The USA has not done so yet.

A critical mass of problems is building up in global security. As is known, in 2002 the United States pulled out of the Anti-Ballistic Missile Treaty. And despite being initiators of the Convention on the Prohibition of Chemical Weapons and international security, they initiated that agreement themselves, they are failing to meet their commitments. They remain as of today the only and largest holder of this form of weapon of mass destruction. Moreover, the USA has pushed back the deadline for eliminating their chemical weapons from 2007 to as far as 2023. It does not look proper for a nation that claims to be a champion of non-proliferation and control.

In Russia, on the contrary, the process was completed on September 27 of this year. By doing so our country has made a significant contribution to enhancing international security. By the way, the western media preferred to keep quiet, not to notice it, though there was one fleeting mention

somewhere in Canada, but that was it, then silence. Meanwhile, the chemical weapons arsenal stockpiled by the Soviet Union is enough to destroy life on the planet multiple times over.

I believe that it is time to abandon an obsolete agenda. I am referring to what was. Without a doubt, we should be looking forward, we have to stop looking back. I am talking about this so as to understand the origins of the current situation that is taking shape.

It is high time for a frank discussion among the global community rather than just a group of the chosen, allegedly the most worthy and advanced. Representatives of different continents, cultural and historical traditions, political and economic systems. In a changing world, we cannot afford to be inflexible, closed off, or unable to respond clearly and quickly. Responsibility for the future – this is what should unite us, especially in times like the current ones when everything is changing rapidly.

Never before has humankind possessed such power as it does now. The power over nature, space, communications, and its own existence. However, this power is diffuse: its elements are in the hands of states, corporations, public and religious associations, and even individual citizens. Clearly, harnessing all these elements in a single, effective and manageable architecture is not an easy task. It will take hard, painstaking work to achieve this. And Russia, I will note, is willing to take part in it together with any partners who are interested.

Colleagues, how do we see the future of the international order and the global governance system? For example, in 2045, when the UN will mark its centennial anniversary? Its creation has become a symbol of the fact that humanity, in spite of everything, is capable of developing common rules of conduct and following them. Whenever these rules were not followed, it inevitably resulted in crises and other negative consequences.

However, in recent decades, there have been several attempts to belittle the role of this organisation, to discredit it, or simply to assume control over it. All these attempts predictably failed, or reached a dead end. In our opinion, the UN, with its universal legitimacy, must remain the centre of the international system. Our common goal is to raise its authority and effectiveness. There is no alternative to the UN today.

With regard to the right of veto in the Security Council, which is also sometimes challenged, you may recall that this mechanism was designed and created in order to avoid direct confrontation of the most powerful states, as a guarantee against arbitrariness and recklessness, so that no single country, even the most influential country, could give the appearance of legitimacy to its aggressive actions.

No matter what amazing heights technology can reach, history is made by humans. We can have only a shared future. There can be no separate futures for us, at least, not in the modern world.

Of course, let us face it, the experts are here, and they know that the UN has legitimised the actions of individual participants in international affairs after the fact. Well, at least that is something, but it will not lead to any good, either.

Reforms are needed, the UN system needs improvement, but reforms can only be gradual, evolutionary and, of course, they must be supported by the overwhelming majority of the participants in the international process within the organisation itself, by broad consensus.

The guarantee of the UN effectiveness lies in its representative nature. The absolute majority of the world's sovereign states are represented in it. The fundamental principles of the UN should be preserved for years and decades to come, since there is no other entity that is capable of reflecting the entire gamut of international politics.

Today, new centres of influence and growth models are emerging, civilisational alliances, and political and economic associations are taking shape. This diversity does not lend itself to unification. So, we must strive to harmonise cooperation. Regional organisations in Eurasia, America, Africa, the Asia-Pacific region should act under the auspices of the United Nations and coordinate their work.

However, each association has the right to function according to its own ideas and principles that correspond to its cultural, historical and geographical specifics. It is important to combine global interdependence and openness with preserving the unique identity of each nation and each region. We must respect sovereignty as the basis underlying the entire system of international relations.

Colleagues, no matter what amazing heights technology can reach, history is, of course, made by humans. History is made by people, with all their strengths and weaknesses, great achievements and mistakes. We can have only a shared future. There can be no separate futures for us, at least, not in the modern world. So, the responsibility for ensuring that this world is conflict-free and prosperous lies with the entire international community.

As you may be aware, the 19th World Festival of Youth and Students is taking place in Sochi. Young people from dozens of countries are interacting with their peers and discussing matters that concern them. They are not hampered by cultural, national or political differences, and they are all dreaming about the future. They believe that their lives, the lives of younger generations will be better, fairer and safer. Our responsibility today is to do our best to make sure that these hopes come true.

Thank you very much for your attention.

(Applause.)

Fyodor Lukyanov: Thank you very much, Mr President. I would like to ask you to clarify something. You mentioned science and technology as perhaps the most crucial factor today. Yet even we, the current living generations, remember outbursts of euphoria over the importance of technology, and later that euphoria faded somehow and it became clear that what has always been, the fundamentals – territory, demography – are still eternal, and while technologies are adapted somehow, the fundamentals remain most crucial.

Why do you think it has the potential now to be a game changer?

Vladimir Putin: The things you mentioned do remain eternal, fundamental values. It is no accident that the Torah calls giving up territory a great sin. Both territory and the wealth of the land, people – those all remain the most crucial factors.

But today there has been a qualitative change. The rate of change is so high. Mr Gref must have told you (he can tell such tales till dawn) that it is becoming plain to see – science and technology is becoming the decisive factor in the area of military security and international politics. Everything is happening so fast, and the changes are irreversible.

Fyodor Lukyanov: Thank you.

I give the floor to Hamid Karzai, who ruled Afghanistan for 10 years. Afghanistan is involved in the ongoing processes, however, unfortunately it is trying to deal mostly with the problems of the past centuries rather than those of the 21st century.

You have a wealth of unique experience indeed. Mr President, the floor is yours.

Hamid Karzai: Your Excellency, Vladimir Putin, the honourable President of Russia, honoured colleagues on the podium, ladies and gentlemen,

It is such a tremendous honour for me to be among you all today here. I have participated in the deliberations and discussions in the past two days. I have been to many such occasions in the past 15 years. This is among the best. And I hope Mr Bystritsky can invite me again next year.

Mr President, ladies and gentlemen. The Valdai Discussion Club has raised an issue of creative destruction: will a better world emerge from the current conflicts? Well, I am from a very small country with very limited means. But somehow our location in the past three centuries has thrown us in the middle of the greatest of games. And we have been the centre of those games for good or for worse.

And from my point of view and from the point of view of the Afghan discussion of creative destruction, I would rather use in our case the phrase used by the tsarist foreign minister

of Russia at the time, Count Karl Nesselrode. He called the great game of the time a tournament of shadows. When you saw the game at play, you saw shadows but you did not see the actual hands behind unless you looked closer and deeper.

Afghanistan has gone through the tournament of shadows in the past two centuries at least. In the 19th century that Nesselrode called the tournament of shadows between Great Britain and the Russian Empire, Afghanistan was in the middle. We played both sides. But the British happened to be a bit more clever than the Afghans and we lost part of our territory.

And then in the 20th century, with the rise of the Soviet Union as our neighbour and as a great power, from 1919 to 1979 Afghanistan saw the greatest period of its stability on account of having us balanced the Soviet Union and the United States properly. Of course, we were more reliant on the Soviet Union, much closer to the Soviet Union, but also did shake hands in a warm way with the United States and allowed them to come and participate in the building of our country. With the Soviet invasion of Afghanistan, Afghanistan became the hot spot of the Cold War, or the war turned hot on Afghanistan at the time.

It is this specific period of the Afghan resistance against the former Soviet Union that has left us with tremendous legacies, terrible legacies. While, on the one hand, the Soviet Union was trying to impose Communism on Afghanistan, as His Excellency Mr President referred to the Rogerwood, those who were helping the Afghan resistance, the Americans and their allies and our neighbours, especially Pakistan, they tried to use the Afghan resistance, which we were doing for our liberation, to defeat the Soviet Union through the use of religious radicalism.

So the arrival of those extremist elements into Afghanistan, the import of those elements into Afghanistan and the massive destruction that they tried to cause to the Afghan society, our tradition and culture... We were a Muslim country, a deeply believing Muslim country. But we were a moderate country, never an extremist country. We still are a moderate country. But the US and its allies tried to turn us into an extremist country in order to use religion to defeat the Soviet Union. So they would call our resistance to the Soviet Union as the Americans would fight to the last Afghan with the Soviets.

At the end of that conflict, there were only two losers who were before that close friends, the Soviet Union and Afghanistan. We both suffered badly, Afghanistan much more so. And we see the consequences even today. The United States for a while became the sole super power – or as they wish, the hyper power. Europe did better. Pakistan did much-much better. It became a nuclear power and got all intelligence tools that they needed. Afghanistan suffered and continues to suffer today.

The tragedy of September 11 suddenly brought us once again into the very centre of the world. The US after that tragedy, with the backing of the United Nations, with the backing of Russia, with the backing of China, with the backing of our neighbours Iran and India, and also in a way of Pakistan, and the rest of the international community, intervened in Afghanistan. That intervention in the initial stages succeeded dramatically and most efficiently. Not because of the military might of the United States – I must note this point. Not because of the, what are those planes called? F-52s? M-52s? B-52s. Not because of those planes, not because of the military might of the United States, but because the Afghan people cooperated, it was the first time in our history that the Afghan people cooperated with an invading force, with an arriving foreign force. It was for that that success came within a month and a half.

I do not want to go into the lengths of that. I just want to give you a small story of how I was personally involved.

When the US just arrived, I was in central Afghanistan in the place called Tarinkot in the Oruzgan Province. It was the month of Ramadan. I was having Iftar, or dinner with some colleagues. And suddenly, somebody came to say that the Americans who arrived that night in Tarinkot, a group of fourteen of them, the CIA and the military together, they wanted to see me. As they came in, the man sitting with me was narrating a story, telling me how, while

chasing the Taliban, the US planes had accidentally bombed his house, in which he lost three or four of his grandchildren and a daughter. So I was embarrassed. I did not know if I should invite the Americans when this man had suffered so much. I asked them, “Gentlemen, should I invite the Americans?” He said, “Yes, please, by all means, bring them in.” So I invited the Americans. They came in, a colonel and a CIA officer, who later became the Deputy Chief of the CIA, recently retired. When they sat, I told them that this was what had happened to this man and he lost his family in their bombings. And then that man stopped me and said, “No, tell them that I have three, four more children. If in the liberation of Afghanistan I lose the other three children and grandchildren of mine, I will not mind. I want my country liberated.” It was the kind of enthusiasm that they had.

And for a number of years, we did very well. Education, health services, democratic institutions, women’s rights, their arrival on the scene of Afghanistan – because of the support of the Afghan people and because of the support of all the countries present here, primarily, the big powers, Russia, China, Iran and so on. I was taken to the United States on a US plane. I was brought to Moscow, Mr President, on a Russian plane. Your government may have not told you. I came here on a Russian plane. I went to China on a Chinese plane. The Indians provided the same facilities. It was this massive international cooperation with the United States and its allies that made a success.

But soon, we began to get troubles. Extremism arrived again, violence erupted again, terrorism arrived again. And the US did not pay attention to where it was coming from. It began bombing Afghan villages, it began killing Afghan people, it began putting Afghan people in prisons. And the more they did the more we had extremism.

Today, I am one of the greatest critics of the US policy in Afghanistan. Not because I am anti-Western, I am a very Western person. My education is Western, my ideas are Western. I am very democratic in my inner instincts. And I love their culture. But I am against the US policy because it is not succeeding. It is causing us immense trouble and the rise of extremism and radicalism and terrorism. I am against the US policy because on their watch, under their total control of the Afghan air space, the Afghan intelligence and the Afghan military, of all that they have, that super power, there is Daesh in Afghanistan. How come Daesh emerged in Afghanistan 14–15 years after the US presence in Afghanistan with that mass of resources and money and expenditure? Why is the world not as cooperative with America in Afghanistan today as it was before? How come Russia now has doubts about the intentions of the US in Afghanistan or the result of its work in Afghanistan? How come China does not view it the same way? How come Iran has immense difficulty with the way things are conducted in Afghanistan?

Therefore, as an Afghan in the middle of this great game, I propose to our ally, the United States, the following: we will all succeed if you tell us that you have failed. We would understand. Russia would understand, China would understand. Iran, Pakistan, everybody would understand. India would understand. We have our Indian friends there. We see all signs of failure there, but if you do not tell us you failed, what is this, a game?

Of course, we are not going to play the game of extremism there. That is why many people are asking in Afghanistan and elsewhere whether extremism and terrorism is a tool and a pretext, as the honourable President mentioned earlier. Are we really fighting extremism or are we pretending to be fighting extremism? And are we defending our interests at any cost? This is something that I have been facing for years in my deliberations and talks with our colleagues around.

My proposal today is, Mr President, ladies and gentlemen, that in order for us, the international community, with Afghanistan as a place where we have immense suffering... just today we had nearly 50 of our soldiers killed. Yesterday, we had 70 killed. And in the past two days the country has lost 300 people, young men, who have wives and children, who are all very young.

The way forward is this: the United States of America in Afghanistan must begin to re-engage in a new contact with Afghan people. Two: the United States in Afghanistan must begin to re-engage with our neighbours and big powers of the world – that means our neighbours, that means China, that means Russia, that means India – on a clear, transparent platform of objectives. And with this in mind, the international community must support the Afghan mechanism for the resolution of the problems that we have.

The Afghan mechanism today, the best available, is the Grand Council of Afghan People or the Loya Jirga. Your support of this mechanism and the coming together of the international community and really giving Afghanistan the opportunity to own its processes for peace and political development are going to free us from this curse of extremism. Pakistan, our neighbour, has a tremendous role here to play. I wish Pakistan participated in a very civilised dialogue with the Afghan people. Use of extremism, the exploitation of extremism is no solution. It causes trouble for all.

With this, I hope, since the President of Russia is here and we expect a lot of Russia as a neighbour, as an old friend and historical ally, to engage more formidably with the United States and the West on Afghanistan and to lend a supporting hand to the Afghan people to initiate their own mechanisms for the resolution of the problems we have.

And please do send your businesses and investors to Afghanistan. We are too close to you not to have your businesses in our country.

Thank you very much.

Fyodor Lukyanov: Thank you, Mr President. You have brought us back to more practical current topics. I have only one small question for you. I hope you have a short answer to it.

You have said that you have democratic instincts in general. Could that be your problem? We often talk in the Valdai Club about democracy as a great form of government but in the modern world, it often comes across many difficulties and sometimes produces the opposite effect. Maybe democracy is not what Afghanistan needs? Maybe you should try something else?

Hamid Karzai: We are, as the Americans would say, a hell of a democratic country. Because, as I told you yesterday, each Afghan is a king to himself. We are a very egalitarian country. And egalitarianism gives you the foundations of debate. But it must be our own. It cannot be – I must say this, I am sorry, I do not like to mention this but I must say this – it cannot be John Kerry's democracy. It has to be ours. He should not come to us to count our votes or to assign the number of votes to this or that candidate. When it is our democracy, when we practice it the way we are, according to our tradition, it works. So, as the Chinese would say, we must choose our own model of development. And that is the right course.

Fyodor Lukyanov: Thank you very much.

Vladimir Putin: Actually, John is bad at counting. The process takes him two or three months, so there is no result yet. (Laughter)

Fyodor Lukyanov: Yes, we can do this much better.

Vladimir Putin: He is a good guy, but maths do not seem to be his strong point.

Fyodor Lukyanov: Thank you. We look at the essence of democracy. We know that democracy goes hand in hand with a market economy, which has become global in the 21st century.

We are glad that our meeting is being attended by a person who looks at the world from a different perspective. He is Jack Ma, the founder of Alibaba Group. If you please.

Jack Ma: Mr. President Putin,

Ladies and Gentlemen,

It is my great honour to be invited. I was sitting there thinking why I should have been invited earlier. When I hear so many worries and fears that makes me feel that I am a very happy person because I do not have that much to worry about. I know I have a lot to worry about, but I do not have to worry as much as the Presidents have to worry about.

I was born in 1960s, in a country, China, full of Soviet movies, and stories and sounds. So I think Russia and China share a lot of similarities. Both countries came from a lot of problems, and came from a lot of suspicion. But every time I come to Russia, I feel more and more confidence in Russia, especially this time in Moscow. I spent three days walking around and looking around. I see that the city is getting cleaner. There is more order and, of course, more traffic. This is why we think that Alibaba should join forces with the development of Russia.

Yesterday I went to Moscow University, and I had a wonderful time with the young people, the talents there. I see their anxiety, and I see their creativity and the imagination the young people have in Russia. I think Alibaba should have the great opportunity to work with Russian young scientists, engineers, to develop something that is good for the future, for tomorrow.

Last year, I flew in the air for 867 hours, and I have been to many countries. I feel that the world is full of worries and fears. The area I worry about, an area a lot of people worry about, is technology. I think when we worry about technology, and worry that the technology will destroy our future, I think that if we have more imagination, if we have more confidence, we will feel much better.

In 1995, when I started my internet business in China, I was invited to join a group of experts, IT Expert Discussion, in Beijing, about 30 people. We sat in a room discussing how terrible the internet will be, what are the things we should worry about, any policy we should make. We had a whole night discussing the worries about the internet. Today, twenty years past, those things we worried about never came up. Those things we never worried about all came up.

I am very thankful for those worries, because this gave Alibaba opportunity. We did not have a lot of smart competitors join us. We grew so fast over the past 18 years, today we create more than 33 million jobs for China, and we ourselves made last year over \$550 billion. Where other people worry, we try to figure out the way how to solve the worries.

Today, many things have changed, but people still worry about internet. They even worry more. It reminds me of the yearly days when people worried about cars, when automobiles were designed. People worried more about car accidents, rather the great things that the car would bring to human lives. I noticed that people worry about data, about privacy, people worry about security. I think that the worst thing we should worry about is the worry itself. A lot of countries, because of worry, they lose a lot of things. In Europe today, we do not see a lot of big internet companies. One of the reasons is that they worry too much, I think. The worry will stop us from being more creative, being more confident, and stop young people from getting more opportunities. We do not have solutions for the future, but there are solutions for the future. We do not have solutions for tomorrow, but our young people will have solutions for tomorrow.

Yesterday, when I saw young people at Moscow University, I know they are trying their best. I think they will have solutions for the future. So trust the young people, trust our future. Young people never worry about their future. In all the universities I go to, everyone I speak to, people never worry about the future. They worry about us. They worry about stupid decisions we make for them. Most of the stupid policy decisions we made are all out of great intentions, and are taken with kindness. This is something the young people worry about. I have been working in Alibaba. We have 60,000 great, excellent young people from all over the world. In order to lead them, to lead those smart people, they need a stupid leader like me. They need to stay foolish, stay optimistic, and always try to find solutions for tomorrow. This is how I work with smart people.

Today the world has 1.8 billion people using internet. They speak, they check information, they communicate, and do all those things you can do through the internet. But they are not happy, because today young people do not want to be informed, they want to get involved. My grandfather got all the information through a newspaper. My father got information through the radio. I got my information from TV. We were all told to do this. But the internet gives

young people the opportunity to get involved. They want to be the masters of themselves. Very soon, we are going to have four to five billion people on the internet. All the problems we have today will become bigger problems, if we do not see this with great optimism.

The other thing I wanted to say is that if there is something we should really worry about, is we should worry about the education system. Whether you like or do not like it, the technology revolution is coming. Nobody can stop it. But the way we teach our kids, the curriculums we teach our kids, the subjects we teach our kids, will stop our kids from getting jobs. Because one thing is sure: the computer is going to be much smarter than human beings. If we keep on teaching our kids the way we taught over the past one hundred years, our kids will be losing jobs or will not be able to find jobs over the next thirty years. Computers can remember better, computers can calculate better, computers never have this kind of human anguish. This is something we should teach our kids: to be more creative. We should teach our kids to be more innovative. We should teach our kids to be more constructive.

I want every government to pay special attention to the education system over the next 30 years. We worry about data technology, but data technology is something that might be the solution to solve the world's sustainability, solve the world problem of inclusiveness. We are entering into a new world, but very few people really understand how powerful it is, how revolutionary it is. If you do not think positively, you will not have a positive result. If you think negative, you will surely have a negative result. Today we worry, we feel pain about the internet. But I would tell you: we are not even entering the growing pain of internet technology. Every technology takes about fifty years. The first twenty years is about internet technology companies. The next thirty years is about the application of this technology. The next thirty years will be the years when the technology of those companies will be used to do good. The car was not invented in America, but America made use of it. Electricity was not invented in America, but America used it.

People talk about the digital time, and IT time. I would say, the world is shifting from IT to DT. DT is not the Digital Time. It is Data Time. Digital Time is the upgraded version of IT Time. DT is totally different from IT. I do not have time to explain it. Someday we will have a better time to discuss it.

Data Time is a new theory. Data technology is the solution to solve a lot of problems we have today. For example, people worry about privacy, people worry about security. We use data to use internet technology, to use internet financing. We have given loans to over five million small businesses. Every small business gets a loan from us of less than \$5,000. The procedure is 3-1-0. They apply within three minutes. Within one second the money will be on the account, and zero people touch it. So the 3-1-0 approach solves a lot of problems for increasing financing. This is what data brings us. IT technology makes us strong. DT technology is to empower the others. With IT technology, we compete with knowledge. With DT technology, we compete with wisdom. IT technology we compete with muscle. DT technology – we compete with brain. IT makes us know the world better. DT will know the human being better.

People always say, what is the difference between smart and wise? Smart people know what they want. Wise people know what they do not want. This is what we believe. DT is the human behaviour. By learning the behaviours, we will understand ourselves better. When we understand ourselves better, we will know what we do not want. I believe that the world has a lot of worries and a lot of problems, because we want too much. A lot of things we want, we get, but actually we do not want them. In the IT Time, 20 percent of the countries succeed, and 80 percent of the countries do not have a chance. IT is 20/80, but DT is 80/20. We have to care for those 80 percent of the countries, developing countries, young people, and small businesses. We should ensure that the technology is inclusive.

About globalisation, I think globalisation has nothing wrong. But globalisation today is not perfect. It is only a baby. One thousand years ago, global trade was determined by a few kings

and queens. The last thirty or forty years, globalisation benefited only 60,000 big companies. What if we can support 60 million small and medium-sized companies that can grow global trade? What if we can help young people so that they can buy, sell, pay, deliver and travel globally?

We think that over the last century, massive, large-scale standardisation is the key. This century, with personal-made, with small and medium-sized companies we may have a lot of things that are different. I want to say that with DT Time, the world will be different. We can make the world more fair. We will make the technology to empower more young people, more small businesses. Our businesses grow, because we support using technology, support young people only, we support SME only. Globalisation can never be stopped, because the world is movable.

The other thing is that we should never stop trade. When trade stops, war starts. Trade is something to build trust. When we build trade, we respect the other culture. When we do trade, it means that we appreciate the other culture. So we should encourage more trade. We should encourage more young people, small and big business to engage across the board. I think that the world needs not only a G20, we also need a G200. The world should not only have a B20, but also a B200.

Of course, the way we do trade will be totally different. We are not going to do trade going to trade shows, trade fairs. Most of the business will be done on the internet. In the future, the trade will not be done through containers. Trade will be done through packages. In the future business will not be B2C. In the future, the business will be C2B. This is what we believe. We think in the future there will be no Made in China, no Made in America, no Made in Russia. It is going to be Made in internet. You can design here, transport there, manufacture in this country. The thing is that we should not worry that trade will stop. We should worry about what kind of policies we should use to encourage global trade. With what kind of policies we can encourage young people, small businesses?

Finally, I want to say that DT technology will kill a lot of jobs. But most of these jobs are stupid jobs. These jobs are not supposed to be done by computers, are not supposed to be done by human beings. Over the past one hundred years, we made people like a machine. Now we make machines like people. But the right way to do it is to make over the next ten-twenty years a machine like a machine and people like people. A machine will never be able to conquer human beings. Machines are smart, machines are stronger and faster, but a machine does not have a soul, does not have values, does not have a belief that people have. So we should not make a machine think like a human being. We should make a machine learn like human beings.

This is what I want finally to say: technology is scary. The first technology revolution caused World War I. The second technology revolution caused, directly or indirectly, World War II. Now we are in the third technology revolution. What if a Third World War? If the human beings do not have the same enemy, we will fight among ourselves. The enemy should be poverty, the enemy should be environment, the enemy should be disease. I think that all those countries: China, Russia, USA, European, should share the technology, unite together to fight this war, and this is the war that, if we fight it together, young people will be much happier.

Finally, the bad news is that we are entering into a world that we do not know. The good news is no one knows. Please pay special attention to the next thirty years. Please, pay special attention to those people who are below 30 years old, because they might be the leaders of tomorrow. They are the challengers, they are the changers. Please, pay attention to those companies who have less than 30 employees. If we pay attention to small, and small is powerful, small is beautiful, and if we pay attention to the young people, small businesses, I think that the world economy could be much more sustainable.

Thank you very much.

Fyodor Lukyanov: So, this is the source of optimism. I love business, it makes things simpler. It shows that anything is possible. It is nice when a person believes and is certain that there is a solution for everything. I have no questions, because everything has become clear to me.

We need to balance our discussion again so the last person to speak will be Mr Asle Toje from the expert community. I hope you will bring a few shadows back to our discussion.

Asle Toje: I will certainly do my very best. First of all, I would like to say that I am honoured to be here at this panel, representing, what I gather, is the academics, alongside the representative, the leader of a great power, the former leader of a small power and a titan of industry.

I would like to take this opportunity initially to thank the organisers of this Valdai Forum, the discussion club. You have done a great job, and the four days that have passed have been inspiring, and it's given us a chance to get to know the Russian perspectives, but also to be discussing our common global challenges in the most forthright manner.

Then, to the matter at hand. Human history, my friends, is characterised by prolonged periods of stability being interrupted by short sharp shocks, and those shocks are often associated with war, creating creativity, but, let us be honest, mostly destruction. The most dangerous moments in international politics, political science teaches us, occur when a rising power is about to change places with an established power. The established power will then grow less inclined to uphold the rules of the system that it has created, being disappointed that it has allowed other actors to grow powerful within it. The rising powers, on the other hand, are frequently less unhappy about the established system, feeling that it has been weighed so as to prolong the dominance of the established powers, and this is frequently true, all sides of it.

What happens, according to scholars, such as Robert Gilpin, is that as the international community grows less certain about the established powers' willingness to police the system, this can encourage risky behaviour, uncertainty, insecurity. Recently there has been a book making the rounds called *The Thucydides Trap*. Those of you not familiar with Thucydides, it is a Greek thinker who wrote about the Peloponnesian wars, and explained that wars that broke out between Athens and Sparta, and the wars at the rise of Athens, and the fears that this created in Sparta made war unavoidable. Graham Allison, who wrote the book *The Thucydides Trap*, he has examined 15 cases of power transition that has taken place in the 15th century, and what he found, he said, in 12 out of 16 cases, the established, the incumbent power and the rising power have ended up in war, and, therefore, this should really focus our minds, because we are living through a period of power transition right now.

Over the years there has been much discussion about the world becoming multipolar. I do not really believe in that. Frankly, if anything, the world is becoming more bipolar. The United States is still, by far, the most powerful actor in the international system, although China and its economy is growing so quickly that if it has not already surpassed the American economy, it will do so in the short to medium term, it depends on what measures one chooses. China is no match for the United States militarily, but Russia has still got one of the most awesome military arsenals, especially nuclear weapons, of any state in the world. And we have seen, well, in accordance, it is predictable when you look at the balance of power theory, the rapprochement between China and Russia, these two states sticking closer together. This is going to provide a great challenge to the United States and how the United States and the West meet this challenge, will determine how we will live, and if we will live, in the years to come.

I think the West has had great difficulties dealing with the rise of challengers. I would like to remind you that the West was never so powerful as it were in the years immediately after the Cold War. During the Cold War the West had developed, you know, to use a medical expression, a blood circulation system, a nervous system from institutions that allow a permanent flow of humans, capital, ideas, merchandise, which became the beginning of globalisation. And many in the West saw globalisation as westernisation, and it has come as somewhat

of a negative surprise that other actors have taken aspects of globalisation and made it their own, and have been very successful in doing so.

Therefore, in the West, the current times are often seen as a time of uncertainty and fears. I think it was very well pointed out in the last presentation, this agonising over the future, and we often forget that for many others, especially on the Eurasian continent, this is a golden era, and in the Eurasian continent we're seeing a lot of power accumulating, we're seeing roads, cities, train networks snaking through the post-Soviet wilderness, and creating a fabulous amount of wealth and dynamism. And we see, and this is also globally, that we are living through a time of great technological progress, a time of engineering marvels that have been unsurpassed in human history. And at the same time, we see an international system that is, if not a new Cold War, then certainly at a low ebb since the end of the Cold War.

So, where the optimists, especially the champions of business, see connectivity and interdependence as being our future, the pessimists see chaos, a world that is no longer governable. I think that we will find that chaos and connectivity will coexist, and that we will have both at the same time. I think, in the West there is a crisis of liberalism, there is crisis of a very particular kind of liberalism that has been met with a great amount of public dissent in a great many countries. I do not think liberalism is dead, but I do think that the specific form of liberalism, the one-eyed over-certain type of liberalism so eager to impose itself on others, has gone somewhat out of fashion.

In Eurasia, I think, some of the adherents to authoritarian capitalism frequently forget that the great advantage of democracy is not unfiltered public opinion into the realm of policy. The great strength of democracy is independent institutions and dynamic institutions. And I think that adherents to authoritarian democracy will find a problem, as their countries are going through these titanic changes where people are seeing in their own lifetimes greater changes, changes to absolutely every single facet of their life: how they live, where they live, what they work with, how their families operate, everything, how they adhere to religion, everything. That is going to create a lot of uncertainty, a lot of anguish in these societies, and I think that the state institutions are going to find it difficult to keep pace with the public mood. That I think is going to be the corresponding challenge for countries that we, in the West, at least, call authoritarian, adherents to authoritarian capitalism.

We are now seeing a period of greater rivalry. And let us keep in mind: competition is good, competition is what drives humanity forward, we shouldn't be afraid of competition. What we should be afraid of is making enemies of each other. The Russian President gave a comprehensive list of Russian grievances, and, as far as I can see, many of these grievances are legitimate, and should be taken very seriously. And I have to say that in the West, the West have their own list of grievances directed at Russia and other actors. I think it might be a good idea if we put those lists away somehow and try to cooperate better. It is quite interesting to see that the dynamism that we see in the globalisation of the economy has not been replicated in the dynamism of the international institutions. Many of the international institutions, as the Russian President rightly pointed out, have been eroded in the last years, and we do need to reverse that trend.

And I think that the path forward to peace, and nobody's going to be surprised that I say this coming from the research wing of the Norwegian Nobel institute, I think we can learn something from the last will and testament of Alfred Nobel, where he singled out three charges, three suggestions for how to foster peace. He focuses on the importance of disarmament, the importance of institutions and the importance of good will, the will to work for fraternity amongst nations. And I think, in order to achieve this, we're going to need statesmanship, there's no way around it. And I think that is my appeal and my suggestion for this panel.

Thank you.

Fyodor Lukyanov: Thank you.

I know that you have no relation to the Nobel Committee, the organisation that awards the Nobel Prize, but you do work at the Nobel Institute. I cannot help but ask, now that it has been mentioned: just two weeks ago, we learned about the new winner of the Nobel Peace Prize – a movement that advocates a complete nuclear weapons’ ban. Forgive me, but do you think they really believe in this utopia – that anyone would abandon their nuclear weapons, which in some sense guarantee stability – or is this just a gesture to indicate the right way of thinking?

Asle Toje: Well, if it is utopia, then Russia believes in this utopia, the United States believes in this utopia, this has been frequently stated in the UN, in the Non-Proliferation Treaty. The established powers have committed to working for a world without nuclear weapons. ICAN, when, and I do not speak on the behalf of the Committee, but in their statement the Committee said the Nobel Peace Prize had two issues that were lifted forth. One – bringing attention to the catastrophic humanitarian consequences of nuclear war, and I think this is something that cannot be stated too often. The use of nuclear weapons is totally unacceptable, and I think this is something where public opinion matters. I think that, especially, we have been talking about the young; I think the young need to weigh in on the policymakers.

The second issue is that ICAN has brought forth a new attempt, or a new path towards bringing about a world with less, with fewer, or with no nuclear weapons. This is one of the few new initiatives on the horizon at a time where many of the established policies are bogged down and are not moving at all. And I do not think anybody should be surprised that the Norwegian Nobel Committee focuses on nuclear weapons. No single issue has been singled out by the Nobel Committee more often than nuclear disarmament. Ten Nobel prizes has had this in its rationale, so nobody should be surprised.

Fyodor Lukyanov: Then I will have to try to convince you, Mr President. If they have awarded ten Nobel Prizes; and even in our time, our country – then the Soviet Union – put forward the idea of a complete ban, maybe we should return to it?

Vladimir Putin: Our colleague from the Nobel Institute is partly right.

I you ask me whether nuclear disarmament is possible or not, I would say, yes, it is possible. Does Russia want universal nuclear disarmament or not? The answer is also yes – yes, Russia wants that and will work for it. This is the good part.

However, as always, there are issues that make you think. Modern high-tech nuclear powers are developing other types of weapons, with higher precision and only slightly inferior to nuclear weapons in their destructive force. Nuclear weapons include bombs and missiles that hit large areas, carrying a powerful charge that affects a huge territory with the power of both the explosion and radiation. Modern high-tech armed forces are trying to develop and put into service high-precision weapons, which come close to nuclear weapons in their destructive power; not quite, but close.

I think that if we take this seriously – I can see what is happening in the world: those who say they are ready, are ready as much as they have progressed in the development and deployment of new weapon systems. I must say right away that we will be ready for this too, while carefully following what is happening in the world, as soon as our country has new non-nuclear weapon systems, even non-nuclear ones.

Fyodor Lukyanov: I see. Thank you very much. Colleagues, we have come to the second part. We have a unique opportunity to ask questions.

Dmitry Suslov, let us begin with you.

Dmitry Suslov: Mr President, Dmitry Suslov, Higher School of Economics, Valdai Club.

I would like to carry on with the nuclear topic, or, to be exact, to emphasise the sector where, as I see it, there is destruction but no creation yet. I mean arms control, first of all nuclear arms.

You were right to say that the military and strategic situation in the world is changing fundamentally, or has already changed. This includes the precision-guided non-nuclear munitions, as well as the missile and even cyber defence, which is considered a combat sphere

today. However, instead of developing a concept of the new international strategic stability or adapting the old rules of arms control to the new situation, we, unfortunately, see only the destruction of the old rules without the formulation of new ones.

You were right to say that 2002, when the US withdrew from the Anti-Ballistic Missile Treaty, was like opening Pandora's box. Unfortunately, we have to admit that Russia is taking part in this dismantling process, as well.

You have mentioned the plutonium agreement, I mean the Plutonium Management and Disposition Agreement. Last year Russia suspended it. The process has gone so far that the 1987 INF Treaty [Intermediate-Range Nuclear Forces Treaty] is in question, and the US Congress not only allows the Trump Administration to withdraw from it, but even approve a budget bill that would force them to produce the intermediate-range missile. And the extension of New START is also questionable.

It turns out that by choosing this way we, in fact, are regressing back to the 1950s, which, as you know, ended in the Cuban Missile Crisis.

Are we ready for this situation, taking into account the global strategic situation, which is more difficult and complex than in the 1950s? What must Russia and all of us do to provide for this evolutionary transition to new strategic stability?

Vladimir Putin: We are not going back to the 1950s. Attempts have been made to push us back there. You have mentioned some agreements. There are three agreements in which we have suspended our membership. Why did we do so? Because our American partners are not doing anything.

We cannot do everything alone. We took a unilateral decision to eliminate our chemical weapons, and we have eliminated them, as I said in my opening remarks. But our American partners said they would not do the same yet, because they do not have the money for this.

They have no money? The American mint is printing dollars, but they have no money. We found the money to build plants for the destruction of chemical weapons. I believe we built eight such plants, investing huge funds in construction and in training personnel. It was a titanic job. We are now thinking about other ways to use these facilities.

As I have said when speaking about plutonium, we have created a scheme for turning weapons-grade plutonium into mixed oxide fuel. It took money and effort as well, for the matter concerns investment. We have built a reactor and coordinated the method for destroying this plutonium with the Americans. But then they took a unilateral step in violation of the agreement without even notifying us of this as partners should. How did we know this? We learned about this from a budget submission to the Congress. They asked for millions of dollars to finance a new utilisation method and postponed the process for an unspecified period.

No, this is not how it should be. Under this new American method, plutonium can be converted back to weapons-grade. We have not withdrawn from these agreements, but we have suspended them, expecting a normal reaction from our partners. We hope they will resume the negotiations.

As for the Anti-Ballistic Missile Treaty, I fully agree with you. I have said many times, and others have too – all experts agree on this – that this treaty was the cornerstone of international security in the sphere of strategic arms. But no, years of negotiations with our American friends have failed to convince them to remain within the limits of this treaty.

Now we hear that New START does not work either. We are not going to withdraw from it, although something may not work with us either. This is always a part of some kind of compromise. However, it is better to have some agreements rather than none at all. If we understand this, we will do everything to meet our commitments, and we will meet them.

Now back to the INF Treaty, on medium and short-range missiles. They always said, well, not always, but recently we have been hearing many accusations about Russia violating this treaty by cooking up something. Maybe we would be tempted to do just that if we had no airborne and sea-based missiles. Now we have them. The US had such missiles, and we did not.

When we agreed to eliminate the intermediate- and shorter-range missiles, the deal concerned Pershing missiles, which are land-based, and our missile systems.

Incidentally, when our intermediate- and shorter-range missiles were eliminated, our chief engineer committed suicide, because he believed that it was betrayal of his country. This is a tragic story; let us change it.

However, the US still has both airborne and sea-based missiles. In fact, this was unilateral disarmament for the Soviet side as well, but now we have both airborne and sea-based missiles. You can see how effective the Kalibr missiles are: from the Mediterranean Sea, from the Caspian Sea, from the air or from submarines, whatever you wish.

Moreover, besides Kalibr, with an operational range of 1,400 km, we have other airborne missile systems, very powerful ones with an operational range of 4,500 km. We believe that we have only balanced out the situation. If someone does not like it and wishes to withdraw from the treaty, for example, our American partners, our response would be immediate, I would like to repeat this warning. Immediate and reciprocal.

However, we have complied and we will comply with our old treaties, as long as our partners comply as well.

Fyodor Lukyanov: Pyotr Dutkevich.

Pyotr Dutkevich: Pyotr Dutkevich, Carleton University, Canada.

Mr President, first of all, thank you for keeping in touch with us, it is a great pleasure.

At the beginning of October, Canada joined the Magnitsky Act. Many countries have announced that they are ready to support this law, too. Are you not worried about the consequences of this process? Would you mind commenting on this fact?

Vladimir Putin: When the situation with Magnitsky, who lost his life in prison, occurred, I was not working in foreign policy or security. I was Prime Minister of the Russian Federation, but, of course, I knew what was going on, I observed and discussed this with Dmitry Medvedev, who was the President back then. This seemed strange and completely unexpected for us that such a tragic event, and the death of a person whatever he was charged with is always tragic, became the source of such political games.

What do I think about what you have just said, about Canada joining or wanting to join, or about somebody else wanting to do it? These are all some very unconstructive political games over things, which are in essence not what they look like, to be treated in such a way or to fuss about so much. What lies underneath these events? Underneath are the criminal activities of an entire gang led by one particular man, I believe Browder is his name, who lived in the Russian Federation for ten years as a tourist and conducted activities, which were on the verge of being illegal, by buying Russian company stock without any right to do so, not being a Russian resident, and by moving tens and hundreds of millions of dollars out of the country and hence avoiding any taxes not only here but in the United States as well.

According to open sources, I mean American open sources, please look up Ziff Brothers, the company Mr Browder was connected with, which has been sponsoring the Democratic Party and, substantially less, the Republican Party during recent years. I think the latest transfer, in the open sources I mean, was \$1,200,000 for the Democratic Party. This is how they protect themselves.

In Russia, Mr Browder was sentenced in his absence to 9 years in prison for his scam. However, no one is working on it. Our prosecution has already turned to the appropriate US agencies such as the Department of Justice and the Office of the Attorney General for certain information so we can work together on this. However, there is simply no response. This is just used to blow up more anti-Russian hysteria. Nobody wants to look into the matter, into what is actually beneath it. At the bottom of it, as usual, is crime, deception and theft.

Fyodor Lukyanov: Rein Muellerson.

Rein Muellerson: Thank you.

My question is to President Putin. In your speech, you mentioned Catalonia. My observations suggest that, normally, independence is achieved then and there, where some major powers or at least regional players are interested in this independence or in case no one pays attention to this.

In your speech in March 2014 with respect to Crimea, where, by the way, I was a month ago and I must say I really enjoyed it, you cited the advisory opinion of the International Court on Kosovo. The declaration of Kosovo's independence indeed violates international law. The aerial bombings of Serbia due to Kosovo were also in breach of international law.

It seems to me that Kosovo opened up Pandora's box. The independence of the Kurds in Iraq meets the aspirations of no one but the Kurds and perhaps also the Israeli interests. However, this is not enough. The whole of Europe and the European Union are worried about Catalan independence. Madrid is using force, relatively moderate force, against supporters of an independent Catalonia.

My question to you is as follows. Apart from following the principle of non-interference in the internal affairs of other states, how could Russia help resolve similar conflicts so as, on the one hand, not to encourage the "parade of sovereignties," while, on the other hand, helping ethnic groups and minorities, whose aspirations are not met by the authorities? What would be Russia's position in such cases?

One thing I cannot help mentioning. You spoke of the "turbulent" 90s and I recalled how Andrei Kozyrev once told President Nixon that Russia had no national interests, only common human interests. Nixon shook his head.

Thank you.

Vladimir Putin: This shows that Nixon has a head, while Mr Kozyrev, unfortunately, has not. He has a cranium but no head as such.

As for the "parade of sovereignties," as you said, and our attitude towards this... Actually, I believe, on a global scale, the creation of mono-ethnic states is not a panacea against possible conflicts, but just the opposite. Because after various partitions and sovereignties, the creation of mono-ethnic states might lead to clashes in the fight for the realisation of the interests of the newly established mono-ethnic states. That is what is likely to happen.

This is why people who live in a unified state within common boundaries have a greater chance that their state will pursue a balanced policy. Look at Russia. Muslims constitute nearly 10 percent of our population, which is a lot. They are not foreigners or migrants. Russia is their only homeland, and they see it as their homeland. What has this encouraged us to do? I suggested that we seek observer status at the Organisation of Islamic Cooperation. This influences our domestic and foreign policies, and makes our policy better balanced and attentive to this part of the international community. The same is true for other countries.

As for the ruling of the UN court, I have it. I did not cite it so as not to waste your time. I read the ruling because I knew that we would touch on this matter. You are experts, and so you know everything about it. However, I would like to remind you. On November 8, 2008, the UN General Assembly adopted Resolution 63/3. Question: Does the unilateral declaration of independence by Kosovo's temporary institutions comply with international law? This question was forwarded to the International Court of Justice in The Hague.

On July 22, 2010, after two years of deliberations, the Hague Court issued an Advisory Opinion that the declaration of independence of Kosovo adopted on February 17, 2008 did not violate international law. The court ruling concerns not just Kosovo, but also the applicability of international law to the declaration of independence by any part of any state in principle. In this sense, you are absolutely right that this broad interpretation does not apply to Kosovo. It was a ruling that opened Pandora's box. Yes, you are absolutely right about this. Bull's eye.

Look at what the court ruling of July 22, 2010, says. Paragraph 79: "The practice of States in these latter cases does not point to the emergence in international law of a new rule prohibiting

the making of a declaration of independence in such cases.” Paragraph 81: “No general prohibition against unilateral declarations of independence may be inferred from the practice of the [UN] Security Council.” Paragraph 84: “the Court considers that general international law contains no applicable prohibition of declarations of independence. Accordingly, it concludes that the declaration of independence of 17 February 2008 did not violate general international law.” Here it is, in black and white.

How all the Western countries pushed for it and pressurised this International Court in the Hague! We know for certain that the US had a written recommendation for the International Court. The State Department wrote, “The principle of territorial integrity does not exclude the establishment of new states in the territory of existing states.” Below: “Declarations of independence can (and often do) violate domestic legislation. However, this does not mean that it is a violation of international law.” Further, “In many cases, including Kosovo, the circumstances of the Declaration of Independence can mean fundamental respect of international law on the part of the new state.”

Germany: “This is a matter of peoples’ right to self-determination. International law pertaining to the territorial integrity of states does not apply to such peoples.” They decided to declare independence, well, good for them. And the integrity principles do not apply to this state.

The United Kingdom: “Secession, or the declaration of independence, does not contradict international law in itself.”

France: “It (international law) does not allow, but does not forbid it (secession or separation) in general.” So here you are.

Then there was the reaction to this Court ruling. Here is what Ms Clinton wrote (somebody may have worked with her) after the ruling: “Kosovo is an independent state, and its territory is inviolable. We call on all states not to become overly focused on Kosovo’s status and make their own constructive contribution to supporting peace and stability in the Balkans. We urge the countries that have not yet recognised Kosovo to do so.”

Germany: “The consultative ruling of the International Court confirms our legal assessment of the legitimacy of Kosovo’s declaration of independence. It reinforces our opinion that the independence and territorial integrity of the Republic of Kosovo are undeniable.”

France: “The independence of Kosovo is irreversible. The ruling of the International Court, which terminated the legal debates on the matter, has become a milestone and will allow all parties to dedicate themselves to other important issues to be resolved.”

Now, “other important issues” have arisen today, and today, when these “other important issues” have arisen, including in Catalonia, nobody likes it. Nobody! This is exactly what I called double standards. This example is the Pandora’s box that has been opened, and the genie that was let out of the bottle.

What is our position on this case? I said, I was saying, if you listened carefully, I was saying that we hoped that the problem would be resolved based on Spanish legislation and Constitution. I believe this is the end of it. The end of it. However, of course, we have to be careful in such issues and very sensitive to everything that is going on. We hope that everything will be resolved within the framework of democratic institutions and procedures; there will be no more political prisoners and so on. However, this is an internal issue of a country. I think this is enough.

Thank you.

Fyodor Lukyanov: For those of you who may have forgotten, President Putin is a lawyer by training, so debating him may be a challenge.

Margarita Simonyan [editor-in-chief of the Russia Today television channel], please.

Margarita Simonyan: Good afternoon,

Thank you, Mr President, for your shocking story about the American flags at our nuclear facilities.

Mr Hamid Karzai, thank you for your bold and honest position.

Mr Jack Ma, thank you for the inexpensive Chinese-made ceiling lamp that I bought on Alibaba. (Laughter)

However, if I may, I would like to talk about issues that concern me. You may have heard that Russia Today and Sputnik – our media working abroad – have been subjected recently not just to pressure, but real harassment at their place of work.

As recently as two days ago, Hillary Clinton said that the alleged Russian interference in the elections, for which we are primarily blamed (half of the CIA report on this topic was about Russia Today and Sputnik, and my name was mentioned 27 times in it) is comparable to the 9/11 attacks.

We are required to register as foreign agents. As we know from the media, the FBI opened an investigation into our activities. Our journalists have come under incredible pressure: every day they read about how they will never be able to get a job anywhere else. Yesterday, the Foreign Office of Great Britain chewed out deputies who continue to appear on our broadcasts. What will happen next is anyone's guess.

A year ago, people from the State Department told me that they respect freedom of speech, and as long as no restrictive measures are applied to US media in Russia, no such measures will be applied to us. However, these measures are being applied to us already, at a time when huge numbers of American and other media, including Russian language media, continue to operate in Russia. I can only praise them, as they are doing a great job and have vast budgets that are tens of times larger than those available to our media.

You may be surprised, but by some criteria, such as citations in social media, Radio Liberty ranks first among all Russian radio stations. You once joked that you have no one to talk to since Mahatma Gandhi died. Everyone had a good laugh back then, but in the end this is exactly how it looks – we are in a situation where Russia is a more democratic country than the countries that taught us democracy. Russia maintains several positions. One of them is that our response should be proportionate, and only such a response will force them to leave us be. Another position is that we should turn the other cheek and take the high road. May I ask you, what is your position in this regard?

Vladimir Putin: First, about the situation around our information resources, such as Russia Today and Sputnik. Their capacity cannot compare with what our colleagues have in the US, in Europe; they simply cannot compare. We do not have so-called global media, mass media with global reach. This is the monopoly of the Anglo-Saxon world, primarily the United States.

Indeed, we have been told all along that it is absurd and even undemocratic to pressure any lawfully functioning media outlets, to close or persecute them, to exert pressure on journalists. There is only one democratic way to fight things one does not like, for both the authorities and the opposition: to express your opinion, but to express it so vividly, colourfully and brilliantly that people would believe you and accept your point of view, follow you and stand by you and support your position. All the rest is undemocratic.

What we see happening around our media now – I repeat, they are far less powerful than the US or British media – I simply do not know how to describe this. “Confusion” is too mild. They have turned everything upside down.

Regarding interference or non-interference: everyone knows, the whole world knows what the British or American media do. They directly and constantly influence internal political processes in almost all countries. How else are we to interpret what the media do, especially those outlets that work in, say, the political segment of the media?

They do influence things, of course, by expressing a certain point of view – in this case, we are talking about Russia's point of view. And even so, they do not always take Russia's point of view. I cannot monitor them all the time, but sometimes I see what Russia Today broadcasts. Its team includes journalists from various countries: Americans, and British, I believe, and Germans, too. They do excellent work. Really talented people. I sometimes marvel

at the courage and talent they possess to lay everything out so clearly, precisely and fearlessly – my hat is off to them. Apparently, this is the key to Russia Today and Sputnik’s success, but it is also what they are hated for; anyway, it has nothing to do with democracy.

Now about “turning the other cheek.” I have already spoken about our nuclear facilities. It would seem we have disclosed everything we have, there is nowhere else to search, so we expected our American partners to do the same, well, at least to show some consideration for our interests, so that we would be full-fledged partners. As you can see, this is not the case, and even the opposite is true: as soon as they realised that our nuclear sector needs additional investment and modernisation, that our missile technology is growing obsolete, that there are other problems – aha, who would consider a weak partner? No one even talks to them or considers their interests anymore.

Therefore, in this case, all we can do is mirror their actions and rather quickly at that. As soon as we see any moves that limit the activities of our media in any way, a proportionate response will follow.

Fyodor Lukyanov: Mr Karzai, do you want to add anything? Do you also have problems with foreign agents?

Hamid Karzai: Just a little note on the media and the role of the international media where the West is very strong. I have a good deal of experience on that from my days in office and subsequently. The alternative media developed by Russia and China are closing the gap, which is very good news. I must also tell you that I know that RT reaches lots of homes in America. And so does CGTN. So the gap is closing. And this alternative availability of media is good for all of us. It is good for the Western audience and good for our audience. So I guess we are going to better days in terms of the free flow of information.

Fyodor Lukyanov: Mr Erlan Karin, please.

Erlan Karin: Thank you.

Mr President, we met here last year at a time when the situation in Syria, in particular in Aleppo, had deteriorated. Early this year, we launched the Astana process to settle the Syrian crisis. Delegates from various sides of the conflict and representatives from the guarantor countries – Russia, Turkey and Iran – met for the first time for negotiations in Astana, the capital of Kazakhstan. Since then we have achieved some results, have held several rounds of talks and have signed a number of documents.

How would you describe the intermediate results of the Astana process?

One more thing. These events have cast a new light on the crisis in the Middle East. I am referring to the Kurdish referendum in northern Iraq, which you have mentioned, the military operation in Kirkuk and changes in the overall military situation in Syria. What are the prospects for a settlement in Syria? What do you think about the situation in the Middle East as a whole?

Vladimir Putin: The first thing I would like to do regarding the Syrian settlement and the Astana process is to thank President of Kazakhstan Nursultan Nazarbayev for making it possible for us and the other participants of this process to meet in Astana. Kazakhstan is not just a place where we meet; it is a very suitable venue because Kazakhstan maintains neutrality. It does not interfere in the complicated regional processes and is respected as an intermediary.

I would like to note that at a certain point President Nazarbayev took responsibility for preventing the parties to the conflict and the negotiations from leaving the table. It was a very positive thing to do, and we are sincerely grateful to him for this.

As for where this process stands, it is gaining positive momentum. There have been ups and downs, about which I will speak later, but overall, the process is proceeding positively. Thanks to the stand taken by Turkey, Iran and, of course, the Syrian Government, we were able to narrow the gaps in the sides’ positions on the key issue of ending the violence and creating de-escalation zones. It is the most significant result we have achieved in Syria over the past two years, particularly as part of the Astana process.

I have to note that other countries, including the United States, are greatly contributing; even though they are not participating in the talks in Astana directly, they are influencing these processes behind the scenes. We maintain stable cooperation with our American partners in this sphere, on this track, even though not without disputes. However, there are more positive than negative elements in our cooperation.

So far, we have managed to agree on many issues, including the southern de-escalation zone, where Israeli and Jordanian interests are also present. Of course, this process could not have been what it is now without the positive impact of countries such as Saudi Arabia, Egypt and Jordan, as well as many other countries, small but important, including, by the way, Qatar.

What are the prospects? There is every reason to believe – I will put it cautiously – that we will finish off the terrorists in the short term, but that is no cause for joy, for saying that terrorism is over and done with. Because, first, terrorism as a phenomenon is deeply rooted – it is rooted in the injustice of today's world, the raw deal that many nations and ethnic and religious groups get, and the lack of comprehensive education in entire countries across the world. The lack of a normal, proper, basic education is fertile soil for terrorism. Therefore, if we finish off the pockets of terrorist resistance in Syria, this certainly does not mean the threat to Syria, the region and the world as a whole is gone – absolutely not. On the contrary, you always have to stay alert.

The rough-going process between the opposition and the government is also a source of concern. The process is under way but is moving very sluggishly, feebly; the parties to the conflict are very distrustful of each other. I hope that it will be possible to overcome this. Based on de-escalation zones, we hope to move on to the next stage. There is an idea to call a congress of the Syrian people, bringing together all ethnic and religious groups, the government and the opposition.

If this could be done, also with support from guarantor countries and even major powers outside the region – Saudi Arabia, the United States and Egypt – that would be the next, additional but very important step toward a political settlement. And then perhaps toward drafting a new Constitution, but it is still early to talk about that. This is roughly the plan.

Fyodor Lukyanov: Mr President, will the de-escalation zones not lead to the division of Syria?

Vladimir Putin: Such a threat does exist, but as I said earlier, I do not want this to be a blueprint to partitioning Syria, but on the contrary, a situation where, once the de-escalation zones are in place, the people who control these zones would start making contact with Damascus, with the government.

Actually, this is what is already happening in many places. For instance, in southern Damascus, on a small territory controlled by the armed opposition, people go to work in Damascus and return home every day. You see, life is encouraging communication.

I strongly hope that this practice will evolve in other de-escalation zones as well and that gradually, step by step cooperation will begin on the day-to-day level, which, in my opinion, is bound to grow into long-term political agreements.

Fyodor Lukyanov: Let us look at the Middle East a little more closely.

Ms al-Ketbi.

Ebtesam al-Ketbi: Ebtesam Al-Ketbi, Professor of Political Science and Head of the Emirates Policy Centre. Mr President, it is obvious now that Russia in the Middle East is a really successful country. And a master of the game, especially in Syria. But in the wake of King Salman's visit, which the Saudi describe as a historical visit, I want to ask you: what is the strategic shift in Russian policy towards the Gulf States? Or is this just something that will not last forever, taking into consideration that GCC used to be a traditional alliance of the US, and this is also another success of Russia by pulling the Saudi towards Russia? Is this a real shift or you still do not trust the Gulf States?

Vladimir Putin: The world is changing, all countries are changing and relations between states are changing. There is nothing unusual in this. In fact, back in Soviet days, Saudi Arabia's relations with the Soviet Union were fairly good, but there were constraints of a purely ideological nature. Today there are none and we have nothing that would fundamentally divide us. Now, what can unite us with Saudi Arabia or countries in the region? Actually, I can see absolutely no reason for these dividing lines. I have a very good personal, almost friendly relationship with almost all the leaders of these states.

The visit by the King of Saudi Arabia was a great honour for us. It was a historic event indeed, if only because it was the first visit by a King of Saudi Arabia to Russia. In and of itself, this shows Saudi Arabia's attitude toward building a relationship with Russia.

We have absolutely no problem with the fact that these countries, including Saudi Arabia, have their own special interests, historical ties and allied relations with, among others, the United States. Why should this worry us? This does not mean that we are forbidden from working with Saudi Arabia; we will do so. As for Saudi Arabia and other countries in the region, it is up to them to decide who they prefer to work with and on what issues.

Russia is demonstrating stability, predictability and reliability in its foreign policy. And I believe that this appeals to our partners. In addition, we have shared economic interests – importantly, interests of a global nature. Now, we have coordinated our position on the energy market with OPEC nations, above all with Saudi Arabia and the [oil] price has been stable, at over \$50 [per barrel]. We consider this a fair price; it is quite suitable for us. This is the result of joint efforts.

There are also other results. The first opportunities have emerged for defence technology cooperation. Yes, there are multi-billion contracts with the United States. Very well! Do you know what our people say? “The chicken pecks one grain at a time.” Our ties will expand slowly and perhaps these contracts will grow.

I was also asked whether we are afraid that Saudi Arabia will be with the United States again? We are afraid of nothing! What is there for us to be afraid of? You know, it is Saudi Arabia that should be afraid, so to speak, that the Americans will bring democratisation to Saudi Arabia. This is what they should fear. But what is there for us to fear? We already have democracy. We will keep working. (Laughter.)

Fyodor Lukyanov: Colleagues, I have a request: many of you wish to speak; time is passing quickly, so let us move into a lightning round. Have respect for everyone, for each other. Brief questions, no long comments. I also have a request for panel speakers – be as brief as possible.

I spotted Mikhail Remizov here. You have the floor.

Mikhail Remizov: Mikhail Remizov, Institute of National Strategy.

I have a brief but broad-ranging question. It concerns the agenda of the next presidential term. Today, the discussion is usually focused on the lineup of contenders, but it seems to me that it is more important to hear, above all, how you, Mr President, see the mission, the historic task of the person who will be elected our country's president next year. What are our national super-tasks for this period, for 2018–2024?

Vladimir Putin: You know, I have repeatedly spoken about this. Unfortunately, there is nothing new in your question, but I will say this again. We should make Russia very flexible and highly competitive.

Flexible – in terms of forms and methods of governance, flexible in terms of developing an economy that is geared toward the future, in terms of introducing advanced technology and assessing these opportunities and using them.

Needless to say, we should strengthen our defence capability and improve our political system so that it is like a living organism and develops in keeping with the world as a whole.

When we talk about technology – the person on my left, the founder of a major global company, spoke about big data. You see, we are not even aware of what this is all about. Perhaps you know, many people know about a recent case in the United States when a company all

of a sudden started sending a 14-year old girl offers to buy items for pregnant women, which outraged her parents. They wrote a complaint to the company and the company apologised. Then it turned out that the girl was pregnant. She did not know about that and her parents did not know either. It turned out that based on a large number of data, a change in the girl's interests, preferences, questions and queries the machine came to the conclusion that it was dealing with a pregnant woman and issued an order to another machine to offer her goods for pregnant women.

First and foremost, this is some kind of control over humans administered by technology. There are both positive and negative aspects here and we need to consider this. We will need to think about all this in our country and use it for the benefit of our people. This is our super-task.

Fyodor Lukyanov: By way, do you think a woman can become our next President?

Vladimir Putin: Anything is possible here. Why not? (Laughter.)

Fyodor Lukyanov: Thank you.

Our next speaker is Mr Von Ploetz.

Hans-Friedrich von Ploetz: Mr President, the Russian media are very generous in interviewing participants here, but I was struck by the pessimism about our relations. And I tried to remind them that during the Cold War we had bigger differences than we have today, and our younger generations in particular, but also the business community, are unhappy with the present situation. So would you give maybe me and also your media a little bit of encouragement and say, "It may not look as good as it should be, but there are perspectives and I am working on it"?

Vladimir Putin: You know, indeed, you are right; we had more differences and disagreements in Soviet times. However, do you know what else was in even greater supply? Respect.

I can hardly imagine Soviet flags being torn down from Soviet diplomatic missions when the Soviet Union was around. However, you did this. That is not the only sign of disrespect. It shows itself not in such demonstrative actions, but in some substantive matters as well. We have already talked about this today, so we probably should not go over it again.

We used to be more respectful of each other's interests. Clearly, respect must be backed up by economic and military power. This is clear. We ourselves are largely to blame for putting ourselves in such a position. In the humiliating situation, as in the 1990s, when we allowed you to access our nuclear facilities expecting you to reciprocate. However, you did not, and expecting you to was probably stupid on the part of those who did so back in the new Russia.

Nonetheless, I would like to end my remarks on a positive note. I believe that much in resolving the issues of interest to you and us depends on working together. This should help us stay focused on the thought that our prospects are good.

We just talked about Syria. To reiterate – I do not think I can disclose the details – but we have a dialogue at the working level, at the level of special services, the Defence Ministry, and the Foreign Ministry, almost on a weekly basis. We do achieve some results, which means we are capable of it.

I think that this approach should be applied to other areas of our interaction as well.

Fyodor Lukyanov: A bit of optimism – Ruslan Yunusov is over there, a man of the future.

Ruslan Yunusov: Ruslan Yunusov, the Russian Quantum Centre, Valdai Club.

Mr President, Jack Ma has already mentioned the importance of education. In the past 10-odd years, we have achieved many results by introducing the National Final School Exam (EGE), but this is standardisation.

It is quite probable that in a changing world, when technology arrives very quickly, we need to develop and introduce additional curricula into school education. They should probably be more directed at talents, all the more so as there are online venues or venues like Sirius. What do you think?

Vladimir Putin: About introducing additional programmes?

Ruslan Yunusov: Additional school curricula. But this is optional because it is impossible to give deep knowledge on all subjects.

Vladimir Putin: You know, there are modern methods of teaching. One of them is based on the premise that it is impossible, as you have rightly said, to go deep into every subject. It is necessary to present a general overview and then choose the most important, essential and promising area for a specific person, a specific child that is interested and talented in a certain type of activities, a certain type of knowledge. This is the path to follow.

As for the EGE, we have many disputes. I do not want to recall this now. Indeed, this method of testing knowledge has largely justified itself, but it generated many problems as well.

Recently I spoke to my former university teacher Yury Tolstoy, member of the Russian Academy of Sciences, a man whom I love and hugely respect. He is one of our brilliant law scholars. He has been teaching all his life, and he made a great comment. He said that yes, everything is fine, all these new forms, but there is only one concern: what if our education loses its "spirit."

It is necessary to heed these words. After all, education should not turn into a conveyor belt. It is not simply a conveyor belt of knowledge, not simply rote learning. Education must always have a creative element. Of course, the EGE limits this creativity. This is clear, but this element should be introduced and combined with the deep specialisation you mentioned.

Fyodor Lukyanov: Georgy Toloraya, please.

Georgy Toloraya: Mr President, I cannot but draw your attention to the acute international problem, which is the Korean Peninsula issue that you mentioned. Many years ago, I happened to accompany you to meetings with Kim Jong-Il. Back then, it seemed we could persuade the Koreans to be less recalcitrant. However, when a country is threatened with destruction, it is difficult to expect people to be flexible. The sanctions, which we joined, are of little help here. On the contrary, they tend to make people even angrier.

What do you think Russia can do to resolve this situation? How can we work with the Americans on this matter?

Vladimir Putin: As you are aware, the situation is dangerous. Talking about a preventive disarming strike (we have heard such hints or even direct threats) is dangerous. I have said so many times.

Who knows where and what the North Koreans have stashed away, and whether they will be able to destroy everything at once with one strike. I doubt it. I am almost sure that this is impossible. Although theoretically, this is possible. But this is extremely dangerous.

Even if we assume that they are being tested to find out what they have hidden and where, not everything will be found. So, there is only one way, which is to reach an agreement and to treat that country with respect. I mentioned this in my remarks.

What role can Russia play? It can act as an intermediary in this case. We proposed a number of joint tripartite projects involving Russia, North Korea and South Korea. They include building a railway, pipeline transport and so on. We need to work. We need to get rid of belligerent rhetoric, to realise the danger associated with this situation, and to move beyond our ambitions. It is imperative to stop arguing. In fact, it is as simple as that.

Something I already mentioned here. We did agree at some point that Korea would stop its nuclear weapons' programmes. No, our American partners thought that was not enough, and, a few weeks later, I believe, after the agreement, imposed more sanctions, saying that Korea can do better. Maybe it can, but it did not take on such obligations. It also immediately withdrew from all the agreements and resumed everything it was doing before. We must exercise restraint in all these actions. We did reach an agreement back then, and, I think, we can do so now as well.

Fyodor Lukyanov: Mr President, the Olympic Games in South Korea are coming soon. Do you think they may be threatened by something?

Vladimir Putin: I hope that the Olympic Games will come off.

Fyodor Lukyanov: Are we going to participate? Or is it going to be under the Olympic flag again?

Vladimir Putin: With regard to the Olympic Games, what do we see and what do I pay attention to? We can see that the Olympic Committee is under strong pressure. We have no complaints regarding the International Olympic Committee. Very decent people, people of action work there, but they are dependent on advertisers, television channels, sponsors, and so forth.

In turn, these sponsors get unambiguous signals from certain American authorities. It is not that we think so – we know it for a fact. There are two options: one is to force Russia to participate under a neutral flag, and the other is to keep us from participating in the Olympics altogether. Either way, it is humiliating for our country.

If anyone believes that acting this way would influence the course of the election campaign in the Russian Federation next spring, they are deeply mistaken. The effect will be quite the opposite, while the Olympic movement will suffer serious damage.

Fyodor Lukyanov: Feng Shaolai, please.

Feng Shaolai: Mr. President,

It is a great pleasure to meet with you again. At our club's annual conferences, we learned more about this topic – from crises and conflicts to a new world order.

You have worked closely with foreign leaders, including Mr Xi Jinping. What do you think about his most recent speech at the 19th Congress, which he delivered two days ago?

Since you have been in contact with him for quite a long time, can you share your impressions of him as a person? And, of course, I have a question regarding the specific progress and specific challenges, as well as new conditions for the continued development of cooperation between Russia and China.

Thank you very much.

Vladimir Putin: As you may know, during our meetings we publicly call each other friends. This speaks to the level of the relationship that has evolved between us on a human level.

However, in addition to that, we uphold the interests of our states. As diplomats say, they are often very close or identical. An amazing situation has evolved and, God willing, it will continue for as long as possible: we always reach consensus on every issue, even seemingly controversial ones; we always come to terms, look for compromise solutions and find them.

Ultimately, these agreements benefit both states because we move forward, do not become fixated, do not stop, do not drive the situation into an impasse, but resolve contentious issues and move on, and new opportunities arise. This is a very positive practice.

As for the ongoing party congress in China, we are also closely following it, and I note the unusual openness of this party congress. I believe there is an unprecedented number of journalists and members of the international community there. There is no doubt that everything that the President of China has said, his speech and the ongoing discussions show that China is focused on the future.

We are seeing both difficulties and prospects. As noted earlier, China has wonderful economic prospects: 6.8-percent GDP growth, I believe, in the first three quarters of this year. This may be a little less than before, but it makes no difference. I believe that the ongoing changes on the labour market and in the economy as such are behind this growth. On the whole, China, on a par with India that is also demonstrating very good economic growth today, is certainly a global economic “trader.”

We have the highest country-to-country trade with China and enormous joint plans, including some in very significant, serious spheres, like outer space, high technology and energy. All of this is laying the groundwork for developing our future interstate relations.

Fyodor Lukyanov: Then I have to ask Mr Ma. What does Chinese business expect from the Communist Party congress?

Jack Ma: Well, the business world, if we pay special attention to this People's, this Party Congress, and I read a lot on the way, because I happen to be in Moscow, and I listen and watch. The business community among my friends, they are all very positive about that. Now what we need is a legal, friendly environment for doing business. China should be more open, and for my business, China should import more than export. Because we have been doing exporting for the past 30 years. How can China import more things from the other side of the world? That would make China's environment better, and that will also help the world economy better. Meanwhile it can improve China's economy better. So, I think the business world thinks that, especially the past five years when the central government focused on anti-corruption, which is so successful, has helped clean the business environment for doing business in China. So, very positive.

Fyodor Lukyanov: Andrei Sushentsov.

Andrei Sushentsov: Andrei Sushentsov, MGIMO University, Valdai Club.

Mr President, speaking here last October, you responded to questions regarding the prospects for presidential candidate Donald Trump and you used an interesting formula to the effect that you were ready to work with any US president and that you did not know what kind of president Mr Trump would be if he won. The impression is that Trump is breaking all records in unpredictability. And it seems that cooperation with Hillary Clinton perhaps would have been more comprehensible. What is your take on this situation?

Vladimir Putin: As you know, our people say, "You have to make the sign of the cross if you're seeing things" It only seems that way. We do not know how things could have turned out in reality either, do we?

With regard to the incumbent president, as I said a year ago – and I can repeat this now – we will do our job. And I am saying now: we are working with the president that the American people have elected. As for unpredictability, he is not the only one to blame. It also has to do with the intense opposition in the country.

After all, he is being prevented from carrying out any of his election platforms and plans. In health care, in other spheres. The moment he makes a decision on migrants, a court immediately blocks it. This is happening all the time. So to say that he is the only source of this unpredictability – no, this depends on the entire US political system. Nevertheless, we will work with the partners that we have.

The United States is a great power, the world's largest economic and military power. Granted, unfortunately, our bilateral trade is negligible, almost nothing: \$20 billion. All the same, the impact of the US is global, very significant. It is one of our most important partners, no doubt. We will continue working despite all difficulties. That is, of course, if they also want this. If they do not, we will not.

Fyodor Lukyanov: Mr Toje, do you think the world would be blooming with other colors if Hillary Clinton were in office?

Asle Toje: I have to concur with the Russian President on that. That is contrafactual, and I really do not have an opinion on that. But Mr President, I was told that you like tough questions. We have visited North Korea, we have been to the Middle East, what about Ukraine? From the European point of view, the ball is firmly in the court of Russia. It has turned into a semi-frozen conflict; the sanctions that were meant to be dynamic have become semi-permanent. What does Russia intend to do about this and where do you see this situation standing in three years' time? And, if I may add, since we are so lucky to have on the panel a state leader who has more experience than most, President Karzai, could you weigh in on this and tell us a little bit about, perhaps, what should be done and what should not be done in resolving the conflict in Ukrain

Vladimir Putin: We will give you a tip. Mr Karzai knows how to do it: they have been fighting there for 30 years now, but the means are good there.

With regard to Ukraine, you said that, according to Europeans, the ball is in Russia's court. Well, we think the ball is in Europe's court, because due to the completely unconstructive – I am choosing my words so as not to appear rude – position of the former members of the European Commission, the situation went as far as a coup. Do you know what they did?

The issue was only about Ukraine signing an association agreement, an economic agreement with the European Union. Then President Yanukovich said, "I have a problem with the text, I am going to reschedule its signing. Let us work on the text some more." He did not even refuse to sign it. Then there were riots backed by the United States – both financially, politically and in the media – and all of Europe.

They supported the unconstitutional seizure of power, a bloody one at that, with casualties, and took things as far as a war in southeastern Ukraine. Crimea declared its independence and its reunification with Russia, and now you think that we are to blame for that? Was it us who brought about the anti-constitutional coup? The current situation is the result of the unconstitutional armed seizure of power in Ukraine, and Europe is to blame, because it backed it.

What could have been easier than to say back then: "You staged a coup, and after all, we are the guarantors." As guarantors, the foreign ministers of Poland, France and Germany signed a document, an agreement between President Yanukovich and the opposition. Three days later, it was trampled upon, and where were the guarantors? Ask them where these guarantors were? Why did they not say, "Please, put things as they were. Get Yanukovich back in office and hold constitutional democratic elections." They had every chance of winning, 100 percent, no doubt. No, they had to do it through an armed coup instead. Well, we were confronted with this fact, accepted it and signed the Minsk agreements.

However, the current Ukrainian leadership is sabotaging every paragraph of these agreements, and everyone can see it perfectly well. Those who are involved in the negotiation process are fully aware of it, I assure you. Not a single step has been made towards implementing the Minsk agreements. Still everyone is saying, "Sanctions will not be lifted until Russia complies with the Minsk agreements."

Everyone has long since realised that the current leadership of Ukraine is not in a position to comply with them. Now that the situation in that country has hit rock bottom both in terms of the economy and domestic policy, and the police are using gas against protesters, expecting the President of Ukraine to take at least a small step towards implementing the Minsk agreements is an exercise in futility. I am not sure how he can accomplish this. But there is no alternative to it, unfortunately. Therefore, we will keep the Normandy format in place as long as our colleagues like, and we will strive to implement these Minsk agreements that you mentioned.

Quite recently, we effectively supported an initiative to send UN peacekeepers there. Not even peacekeepers, but armed UN units to protect the OSCE staff. We have always been told and asked to arm the OSCE personnel operating on the demarcation line. We immediately agreed to it. But then the OSCE refused to do so.

I am sure you are aware of it, and many in the audience who deal with these matters professionally should also be aware of this. The OSCE said, "No, we cannot do that, we have no such expertise, no weapons, we have never used weapons in our operations. Also, we are actually afraid that the weapons could turn us into a target for one side in the conflict or the other." Well, a no is a no.

President Poroshenko came up with an idea to create proper conditions for protecting the OSCE staff with the help of UN armed units. We agreed and almost initiated this process, to avoid being accused of sabotaging things. No, they thought it was not enough. Now they want to interpret it liberally.

You see, what we are afraid of – I will tell you, if we can say that we are afraid of anything at all. If they fail to adopt the amnesty law prior to resolving political issues and providing these territories with a special status in accordance with the law adopted by the Rada and extended for another year recently, then closing the border between Russia and the breakaway republics will lead to a situation similar to Srebrenica. There will be a bloodbath. We cannot let this happen.

Therefore, blaming everything on Russia and saying that the ball is in our court, and we should do something about it, just does not cut it. Let us work on it together. Go and use your influence with the current government in Kiev, so that they take at least some steps towards normalising the situation. We will work hand in hand and do our best to normalise the situation. We need a democratic and friendly Ukraine.

Look, when some empires disintegrated or some territories changed hands in the wake of a war, this is one situation. When the Soviet Union collapsed, Russia voluntarily gave all these territories away. We voluntarily agreed that all former Soviet republics would become independent states. We never even thought about taking anything from anyone or dividing things, do not forget this – we did it of our own accord. And we do not want to now, either. We want to have a neighbouring country that is friendly to us.

Were you really thinking that you and Ukraine would sign an association agreement, open up all Ukrainian markets and borders, and Ukraine, as a member of the free trade zone, would become a gateway to our market? We said right away, "Guys, you cannot do this, stop." No one even wanted to listen to us. They told us, "We do not interfere with your dealings with China. You do not interfere with our dealings with Canada, so stay away from our dealings with Ukraine." That is what they told us, verbatim. What kind of a conversation is that? No one even wanted to hear that we have some special relations with Ukraine, and some branches of the economy are tied up with that country.

So, let us return to a constructive and substantive dialogue, as diplomats say. We are ready, and we will be pleased to do so, the sooner the better, since we do not need any conflicts on our borders.

Fyodor Lukyanov: Well, since we started talking about Ukraine ...

Vladimir Putin: No, wait, Mr Karzai will give us a good piece of advice.

Hamid Karzai: Well, sir, on Ukraine and the conflict phase there, I was, uh, it was during my last years of government when this crisis emerged in Ukraine. I and my close colleagues in my government and foreign policy and security issues convened, and we met. I told them that Ukraine was part of the Soviet Union, and after the collapse of the Soviet Union and the emergence of the independent states, Ukraine was one of the closest countries to Russia, in ethnic relations and economic relations, and in cultural relations, and in terms of the value that Ukraine holds for Russia. So my approach was one of sentiment and sensitivity, but, keeping the Russian sentiment in mind, keeping the Russian sensitivity in this region in mind. Look at it this way: if Russia went and tried to turn Canada into an ally of the Warsaw Pact against America, what would America do? They would act more aggressively than what Russia did. On Crimea: to the extent that I understand, Crimea was given to Ukraine in 1957, is that true? 1954. So it was part of Russian territory. And my government was the first government to recognise Crimea as part of Russia. And we gave that recognition to it. Not because we were against Ukraine as Afghanistan, no, but we respect Ukraine, we have immense respect for them, as we respect Russia. We looked at facts, historical facts, and the sensitivities, and the variants that we considered were true, and behaved accordingly. To my very good surprise, the new Ukrainian president, when he met with me during the condolences ceremony to the late King Abdullah in Riyadh, he was very kind to me. I had retired, and he did not say that you did that. He was nice and good to me as if he understood our point of view, so I thank him for that.

Asle Toje: President Putin, where do you see this conflict standing three years from now?

Vladimir Putin: I strongly hope that we will make progress. I say this with absolute sincerity. It is not enough only to appeal to Russia; it is also necessary to influence Kiev's position. Now they have made a decision on the language, essentially prohibiting the use of ethnic minority languages in school. Hungary and Romania raised objections. Poland also made some comments in this regard. However, the European Union as a whole is silent. Why are they not condemning this? There is silence.

Now they have erected a monument to Petlyura. He was a man with Nazi views, an anti-Semite who killed Jews during the war. Except for the Zionist Jewish Congress, everyone else is silent. Are you afraid of hurting your clients in Kiev, is that it? This is not being done by the Ukrainian people; this is being done at the prompting of the relevant ruling authorities. But why are you keeping silent? Until it is understood that this problem cannot be resolved without influencing the other side, nothing will happen.

I hope that this realisation will eventually come. I can see our partners' interest, primarily our European partners' interest in resolving this conflict. I can see real interest. Angela Merkel is doing a great deal, putting the time in, becoming deeply involved in these matters. Both the former president of France and President Macron are also paying attention. They are really working on this. However, it is necessary to work not just technically and technologically but politically. It is essential to exert some influence on the Kiev authorities, get them to do at least something. Ultimately, Ukraine itself has a stake in normalising our relations.

Now they went and imposed sanctions on us, as the EU did. We responded in kind. The president asks me, "Why did you do this?" I say, "Listen, you introduced sanctions against us." This is just amazing! "Well, these sanctions are nothing to you, but you are really hurting us." Now, did you not think that there would be a response when you were doing this? I am at a loss for words!

However, the realisation that this situation is untenable and should be resolved – I believe that it is becoming obvious and most importantly, it is becoming obvious to the overwhelming majority of Ukrainian citizens. We like Ukraine and I really regard the Ukrainian people as a brotherly nation if not just one nation, part of the Russian nation.

Even though Russian nationalists do not like this and Ukrainian nationalists do not like this either, this is my position, my point of view. Sooner or later, it will happen – reunification, not on an interstate level but in terms of restoring our relations. The sooner, the better, we will do our utmost towards this end.

Fyodor Lukyanov: Colleagues, I deeply regret to say that we have already been working for more than two and a half hours. Mr President, how are you?

Vladimir Putin: I am fine.

Fyodor Lukyanov: Then Mr Zerbo can have the floor.

Lassino Zerbo: Thank you, President Putin, I am Lassina Zerbo. I want to, first of all, thank you and congratulate you for keeping your promise on the Comprehensive Test Ban Treaty. I met you two years ago in New York, I came after you when there was doubt about Russia's commitment to the Comprehensive Test Ban Treaty. You affirmed it, and I am happy that you have said it again today. But I have a question to you, President Putin. You are showing leadership today and in front of everybody here, in non-proliferation and disarmament. We talked about North Korea; we talked about international agreements. Can you share this leadership among the P5 countries, in a way where the issue of the Comprehensive Test Ban Treaty, that is crucial to advance non-proliferation and disarmament, can be taken seriously, so that this treaty that is 20 years pending entry into force can see some advancement? That is my first question.

Fyodor Lukyanov: Only one question please, only one.

Vladimir Putin: Maybe his second question is more interesting.

Fyodor Lukyanov: Next year.

Vladimir Putin: The first question will receive a short answer – we will facilitate this. Of course, we are interested in this and will work on it.

Fyodor Lukyanov: Vyacheslav Nikonov.

Vyacheslav Nikonov: Good evening, Mr President.

You have said with good reason that now the situation is simpler than in the years of the Cold War. I agree, but not everything is simpler. During the Cold War, there were certainly no West-organised coups in Ukraine and no US and NATO military presence in Eastern European countries – Poland and the Baltic states.

In the past few months, this military presence has been obviously mounting in blatant violation of the Russia-NATO Founding Act. To what extent do you think this poses a strategic threat to the Russian Federation, and what may be the response?

Vladimir Putin: We are analysing and closely following this. We know and understand every step. You know, you have just given me a good opportunity to say that we will do this and that, we will respond in this way. We are not worried about this. Let them do their exercises. Everything is under control. (Laughter.)

Fyodor Lukyanov: Mr Saran.

Samir Saran: Thank you, Mr President, for this very engaging evening. You have very sportingly taken lots of questions from lots of us, and I have seen very few world leaders who have done this. So I think that is something that really must be appreciated. Very few would also disagree, sir, that in the last three years Russia has clearly emerged as the most important geopolitical actor in the world, be it your engagements in the Middle East, and, of course, the Afghanistan process that you are supporting and initiating, your ability to push back against some of the groupings that the Western countries had established, are all on record, and establish you as, perhaps, the most singular, most decisive geopolitical actor. But many would also agree that it is only going to be sustainable if we can also see the Russian economy grow significantly in the coming decade, especially in a time when energy markets are changing, where resource and consumption patterns are different, where technology plays a big role, Russia would need a new game plan to move from its current status as a middle level economy to a significant economic power. What are your proposals for doing this? Does BRICS fit into the plan? And, as an aside, when you met both President Xi Jinping and Prime Minister Modi in China recently, how was the atmosphere in the room? Does BRICS still have a valid future?

Vladimir Putin: You know, both Prime Minister Modi and President Xi Jinping are very contemporary people. They have different characters and may have different personality types, but they are one hundred percent up-to-date. Emotionally, they describe their positions in a slightly different way, but both are looking into the future. India certainly sees this in its Prime Minister.

The President of China is a reserved and meticulous man, but we are in close communication with each other and I see how he thinks and what he thinks about. He thinks about the future, the future of his country and the future of the entire world. It is enough to see his speech at the anniversary session of the United Nations. Read it again. A wonderful, brilliant speech. It is very orderly and serious.

As for other countries, we expect other countries, South Africa and Brazil to make their contribution. We have put in place new economic development institutions there to support our national economies. These are the Contingent Reserve Arrangement and the [New] Development Bank. These institutions are only beginning to pick up pace. I am sure that the future is very bright.

After all, it is not a closed bloc, not a military organisation. We work based on our shared interests. The similarity of our economic structures is another unifying factor. However, we are all thinking about ways of making our economies modern, forward-looking, developing and digital.

Today I hope we are already past the stage in our own Russian economy when we were affected by falling energy prices and this sanctions-related pressure had a negative impact (limited but it still has to be acknowledged). However, now our economy has been growing for the fourth quarter in a row. I believe that this year's growth will be modest but still significant considering the previous decline and 2-percent negative growth. Russia has never had such low inflation as now: 3 percent. This has never happened before. This is the first time we have achieved this with our targeted macroeconomic policy, from month to month.

Our unemployment is at a minimal level (below 5 percent); our capital investment in fixed assets is growing, and we have a positive trade balance. Strangely enough, despite the fact that we have financed our deficit, as it were, from reserve funds, over the past two years we have observed growth in our hard currency reserves.

In 2015, I believe they were at just a little over 300 billion; now it is 420 billion. And they are growing, they continue to grow. All of this – the macroeconomic basis and development programmes related to support for key economic sectors, including [technologically] advanced sectors, are changing the structure of the economy. Gradually, not as quickly as we would like, the economic structure is changing, as evidenced, in particular, by budget revenues.

The share of revenues other than from oil and gas is increasing but the share of oil and gas revenues is declining. Therefore, I very much hope that all these processes will move ahead. We can see that a similar process is about to begin in Brazil. Our economic analysts believe that Brazil will take the next step on this upward trend. So all of this taken together makes me optimistic with regard to BRICS' development prospects.

Fyodor Lukyanov: Ladies and gentlemen, unlike President Karzai, I do not have democratic instincts. Therefore, although President Putin is so kind as to sit with us, I know the limit.

What will we do now? We will ask five questions in a row and panelists will answer them. And at that point, I suppose, we will conclude our meeting. Here are the names of the lucky ones who will get to do this: Sabine Fischer, Huang Jing, Konstantin Zatulin, Toby Gati and Yevgeny Minchenko.

Let us start from this side. Mr Zatulin.

Konstantin Zatulin: Mr President, we all know that in the past few years domestic conflicts in the European Union have been very acute because of the migrant influx. After the start of events in eastern Ukraine, Russia without a fuss accepted over a million refugees – 1.2 million to be exact – who fled from the war and persecution.

The majority of these people do not want to return. It is difficult to judge them for this. They want to call Russia home. Will you support additional amendments so that we in Russia could absorb and help them adapt faster?

Vladimir Putin: Yes, the Government and relevant authorities have received such instructions. This should be done carefully, considering our possibilities, the social consequences, and the readiness or lack thereof of the social infrastructure. But I think this is fair. We must support these people, and those who want to remain in Russia should have the opportunity to do so.

We are working on this now. However, a million, even a bit more in different estimates, is already here. Poland announced recently that it already has a million Ukrainians. And there are quite a few in other countries. This is, of course, unfortunate for Ukraine. De-industrialisation is going on, large industrial enterprises are shut down, the Russian market is lost, and nobody wants the goods.

The metallurgical industry is still operating there, but machine building, aviation and space are, of course, in a deplorable condition. These are high-tech, promising areas. But I hope this will also pass sometime. I am hoping this will happen, among other things, as a result of cooperation between Russia and Ukraine. I believe it is necessary to restore ties. Actually, Russia needs this, too.

Fyodor Lukyanov: Sabine Fischer.

Sabine Fischer: Sabine Fischer, Science and Politics Foundation, Berlin.

Mr President, you were very critical about the West's policy regarding its relations with Russia. Indeed, many aspects that you have touched upon call for an in-depth critical discussion. At the same time, we know that in any relationship – whether between countries or between people – both sides make mistakes. So I have a question. What political mistakes, in your opinion, has Russia made in its relations with the West over the past 15 years and what needs to be done, what conclusions need to be drawn for the future of these relations?

Vladimir Putin: Our most serious mistake in relations with the West is that we trusted you too much. And your mistake is that you took that trust as weakness and abused it. It is therefore necessary to put this behind us, turn the page and move on, building our relations on the basis of mutual respect and treating each other as equal partners of equal value.

Fyodor Lukyanov: You can only put question to one person.

Huang Jing: Mr Chairman, I have actually one question for each of the co-speakers, if that is OK. If not, you tell me.

Fyodor Lukyanov: Just one to one speaker.

Huang Jing: OK, to one speaker, one question. Then it will have to be Your Excellency, President Putin. This is my seventh time attending Valdai. Each time I learn a great deal, especially from your Western vision. I just cannot help asking you this question. We know that this world is undergoing unprecedentedly fast and irrevocable transition, and as such major powers matter and leadership matters. But unfortunately or fortunately, fortunately, first, is that all the major powers – Russia, the United States, China, India, Japan, Germany or Great Britain – almost every major power has a competent and a capable leader like yourself, except the number one power, the United States. We happen to have a president, unfortunately, that needs to be managed, although it remains to be seen if he is manageable or not. And you have been very successful in the senior, in terms of presidency. As a senior president, if you were asked to give advice to Mr Donald Trump on how to be a good president, how make a positive contribution to this transition world, what would you say to him? Thank you.

Vladimir Putin: I am sorry, but I consider the question inappropriate. Mr Trump was elected by the American people. And for this reason alone he should be treated with respect even if you disagree with a position of his.

He is being disrespected in the country. This is a deplorable, negative aspect of the American political system. You can argue but you cannot show disrespect. Not just for him personally but for the people who have voted for him. This is the first thing.

Secondly, as I already said, I believe the President of the United States needs no advice because to be elected, even without extensive government experience, you have to have talent and go through this crucible. He did just that. And he won. He won fairly.

As for leadership, I would still ask our moderator to reconsider his decision and give the floor to Mr Karzai [and] Mr Ma. Why? Because they are really great leaders, each in his own domain. It is one thing to lead the United States, Russia or China but another thing to lead Afghanistan amid an endless civil war, balancing between various forces and putting oneself in the line of fire almost every day. Courage and leadership were of paramount importance there, so I am simply asking you...

As for Mr Ma, he has created such a colossal computer empire! And I would also be interested to hear answers to questions that may be asked here.

Fyodor Lukyanov: So, Gerhard Schroeder was right, after all, when he said that Putin is a pure democrat. I am unable to resist.

Vladimir Putin: Yes, what he said is quite right.

Fyodor Lukyanov: Please, answer the question about the governing role.

Hamid Karzai: Well, it is a philosophical question. I do not know how to answer that. Leadership. I believe it involves personal qualities and also experience together. I entirely agree with the answer that His Excellency President Putin gave with regard to President Trump. He is the elected President of the United States, and the American people are a great people, hard-working people; I have worked with them, and I know them very well. Yes, we have differences on security issues in Afghanistan with them and what they are up to, but otherwise, it is a highly respectable country and a great people that they have, very down-to-earth people. On leadership... we have a tradition in Afghanistan. We do not praise people in their presence, so if President Putin were not here, I would have given him as an example. Now you are here, and I do not know what to do. Still, I think that you are doing very well.

Jack Ma: Thank you. I absolutely agree with President Putin about Donald Trump. I think he is a very unique president. And he is elected by the people, and it needs to be respected. And I am not a politician, I am a business guy. I was to be a teacher. I was trained to be a high-school teacher, and I taught in a school for six years. And I learned from being a teacher how to be a leader. A teacher's job is to always hope that his students are better than him. Normally, as a teacher, I want my student to be a banker, a good politician, a scientist or an athlete. I do not want my students to be bankrupt, in jail or like this. So when you have good intentions for your people, people can feel it. And I think to be a leader is not about you, it is not only about you. It is about the people, you should build up a good team to support you. Without a good team, nobody can be a good leader. So I think you should have a good team, a team that shares the same vision, same belief. And third, a good leader can be proved only when the tough situation comes. It is easy to be a leader in peaceful times, and today, for this critical period of the world, both political, business, science, we are taking a huge challenge. So a great leader at that time can only show leadership at the tough time; and as a leader, when you become leader, or you want to be a leader, or you are elected leader, your job is to face the challenge. Other people can sleep, you cannot sleep. Other people can stop, you cannot stop. Unfortunately, to be a leader is tough, and to be a leader, I think, is very lonely. I understand, it is not easy. For managing a company like mine – only 60,000 people – I have enough headaches. To manage a country in such a complicated world... I show my great respect for any politician. Thank you.

Vladimir Putin: The stake is on modern, promising technocrats. We have a unique opportunity – ultimately, through the expression of their political preferences by the people who live in those areas – to bring to power in the regions, present these people to the public and give them an opportunity to prove themselves. Then steer them to an election campaign, take them through the crucible of election campaigns – each step is important – and create a governors' corps comprised of young, forward-looking, modern young people who care about the future of their region and Russia as a whole.

However, this does not mean that we are doing this indiscriminately; this does not mean that I personally am unhappy with the performance of those governors who have taken a new job or have retired – there are also those. Some have to leave due to health considerations. Generally, this is a natural process. We will continue to do so in the future, but very carefully, very cautiously, so that we always have a balance in the governors' corps, in the Government, between reliable, experienced professionals and people who are just embarking on their career in a particular area of activity.

In my opinion, everything that has been done recently was done successfully. To reiterate, I will have more meetings with the people who have worked for many years. I am very grateful to them for their work, for their results. However, time moves on and life is following its course. This is a natural process. I am pinning high hopes on this young generation of managers. Russia needs such people.

Toby Gati: Thank you, thank you, President Putin. We have heard from you on many occasions, and it is a wonderful opportunity, and I think you are the only world leader who has ever done

this. And maybe perhaps it is an appropriate thing also that the last word is given to an American, actually, the only American who has spoken. Let me ask you a few things. You have complained and pushed back on US presidents and on US exception, its feeling that it is an exceptional nation, at many times, and at this session, you criticised every single US president since the fall of the Soviet Union, without talking about any of the positives. And as someone who worked in one of the administrations, the Clinton Administration, I do not remember it that way. And I remember many things that were done, from WTO membership to increased contacts for students, doctors, experts, health, space, and I am kind of surprised that your assessment is more negative than it was last year and the year before. Now, I think many welcome this, and not only in Russia, but in the United States. I watch American TV, but I also watch Russian TV. But frankly, it does not leave much room for people who do not welcome this state of affairs, and it gives an opportunity for people to blame any problem on foreigners and, it is usually here on Americans. What we try to do at Valdai, and you know this, is talk about why people think what they think, and how do we overcome it. So does it bother you at all that you are reinforcing every negative stereotype about the US and making it harder, in my personal opinion, to overcome some of these. And perhaps it would be helpful to talk about some of the positive things. About President Trump: I did not vote for him, but I did not work for Hillary Clinton either. In America, we respect those who respect our institutions, not just individuals, and I think that is really important. And I do not know if my colleagues from America would agree, but we think the institution matters more than the person. So, let me conclude on a positive note, though. If you had to pick one or two areas where you would try your hardest to break through this negative mood, what would the areas be, and what would you try to say to the American people to make that possible?

Vladimir Putin: First of all, this is related to a critical attitude towards each other. I would like to draw your attention to the fact that, as you surely know, an unprecedented anti-Russia campaign has been launched in the United States – starting with the late stages of the Obama Administration, and it is not over yet.

I do not understand why you are surprised by my critical attitude towards the activity of the previous US administration, as well as the present administration. The United States has unleashed an unprovoked anti-Russia campaign. Somebody lost the election to Mr Trump, Russia was blamed for everything and a vicious anti-Russia hysteria – there is no other way I can describe this – was whipped up. Any issue, any failure is being attributed to Russia. Is that not so? Yes, this is exactly the case – on any issue. Look for the Russian trail, and, by the way, they immediately find one. This is my first point.

The second is, we have met here today not to award medals and orders to each other; we are having a discussion and we are doing this sincerely and honestly. I also presented my position on many aspects of our relations that I consider negative. I did not create stereotypes; I spoke about facts.

For example, the fact that chemical weapons have not been eliminated. Is this a stereotype or a fact? It is a fact. Instead of destroying chemical weapons, they have put this off until 2023. I spoke about destroying plutonium. Is this a stereotype or a fact? It is a fact. Instead of meeting their bilateral obligations, they changed them unilaterally and are not complying with them within the framework of the treaty; this is what I spoke about.

However, this does not mean that our relations in the past did not... Yes, by the way, when I said that we gave our partners access to all nuclear facilities – what is this, some kind of an anti-American stereotype? Of course not – I spoke about our openness, but said that this openness was not duly appreciated.

Because it is perfectly obvious – and I have to repeat this: as a former FSB director, I know for sure that there was massive support for separatism and radicalism in our North Caucasus. Do not tell me anything about that – I know it. Was there no bombing of Belgrade? Without UN

Security Council approval? What is this, an anti-American stereotype? It is a fact. Did the armed forces not move into Iraq without approval from the UN Security Council? Is this a stereotype? It is a fact. The United States itself is creating such stereotypes.

However, this does not mean that there was nothing good in our relations. There were good things, too, I agree with you – support in joining the WTO, that is true, and there were other positive developments. Even on an interpersonal level, we had very good discussions and contacts. For example, I will never forget Bill Clinton’s support when I was taking my first steps as Prime Minister.

Boris Yeltsin sent me to New Zealand to stand in for him and that was where I first met Mr Clinton. We established a very good, positive, kind human relationship. In other words, we do have something positive to talk about, but I am talking only about what is standing in our way. Have we gathered here only to praise each other or what? The current situation leaves much to be desired, doesn’t it? You have hysteria out there; we have discontent; you are tearing down our flags, closing our diplomatic missions. What is so good about it?

All of this is the result of the problems that have accumulated. I explained where they came from. After all, we have met here not to praise and pamper each other but to identify problems, show where they come from and think about how to resolve them. Can they be resolved or not? I believe that they can. Let us work together to this end. We need your advice and recommendations. This is why we meet here at the Valdai Club.

Thank you for your question.

Fyodor Lukyanov: Mr President, as you have noticed, this year at the Valdai Club we are not asking you the question that in the past was often asked at the Valdai Club. You know what I mean, don’t you?

Vladimir Putin: No, I do not.

Fyodor Lukyanov: It is about the election. Are you going to ...?

Vladimir Putin: It is time for us to wrap up...

Fyodor Lukyanov: This is why we are not asking this question. However, I would like to say this in a roundabout way.

Firstly, the Valdai Club finds it hard to imagine how we will be meeting if you take a different decision. We have become accustomed to this. You are like a talisman for us. This is hard.

Vladimir Putin: Does this mean that you will not invite me? Or that you will immediately strike me off the food supply list like a demobilised soldier?

Fyodor Lukyanov: Fine. Agreed.

Secondly, who would miss you far more than we would – fortunately or unfortunately, there is nothing we can do about that – would be the world public, especially the Western public. Because at present you are performing a very important function.

When all is said and done, you are a pole – a pole of evil probably that consolidates and mobilises. I simply cannot imagine how they would cope without you. So it seems to me that you should think very hard before making a decision. The world needs you!

Vladimir Putin: I looked at Petr Aven and remembered our oligarchs. In closing, I will tell you a wonderful story.

An oligarch has gone bankrupt (not Aven; he is doing fine; we will talk about the development of Alfa Group yet, but such things happen) and is talking to his wife. This is an old joke – so old it has grown a beard – probably longer than your beard. So he tells her, “You know, we will have to sell the Mercedes and buy a Lada.” “Fine.” “We will have to move from the Rublyovka house to our flat in Moscow.” “Okay.” “But will you still love me?” And she goes: “I will love you very much – and I will miss you greatly.” So I do not think they will miss me for very long.

Fyodor Lukyanov: We will also miss you until the next meeting of the Valdai Club.

A great big thank you to all panel speakers. Thank you to all our colleagues. I believe we have covered a lot of ground today, if not set a record.

Thank you very much. All the very best.