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VLADIMIR PUTIN: Interview with Newspaper Journalists from G8 Member Countries

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VLADIMIR PUTIN: Good evening ladies and gentlemen!

I would like to warmly welcome you.

I would just like to say a few words at the beginning of our discussion. We believe that the G8 forum is a useful and interesting event that allows us to synchronise our approaches to key issues linked with the development of the global economy and on the international agenda. And not simply to, shall we say, synchronise our watches but also to coordinate our positions, positions that can then be formalised in G8 documents and, later on, in the documents of other international organisations, including the UN. And this has occurred in the past.

I am very pleased to see that the agreements that were reached in St Petersburg last year have not been forgotten. Many of our agreements are being implemented. Moreover, the German G8 presidency has not forgotten about the major themes of our discussions in St Petersburg. We see clear evidence of what we discussed in Russia in the documents that are now being drafted by experts and sherpas. Of course, this first and foremost refers to energy. But not only that. This also includes development aid and especially aid to African countries. This includes the fight against infectious diseases. Naturally, this also includes our joint efforts concerning climate change.

Of course we will address all of this and, as I have already said, other serious international issues for Europe, such as the Balkans, and other problems. And I am confident that an open, honest discussion between partners on all of these problems â€” no matter how difficult they are to resolve â€” will be a useful discussion.

I would like to thank you for the interest you have shown in our work. And I certainly do not have the audacity or the responsibility of speaking for all my G8 colleagues. But I am ready to explain in more detail Russia's position on issues that you think are of interest to the public.

That was everything I wanted to say at the outset and I will not waste time in a monologue. I am listening to you. Let's start working.

DER SPIEGEL: Mr President, it seems like Russia is not very fond of the West. Our relations have somewhat deteriorated. And we can also mention the deterioration of your relations with America. Are we once again approaching a Cold War?

VLADIMIR PUTIN: One can hardly use the same terminology in international relations, in relations between countries, that would apply to relationships between people â€” especially during their honeymoon or as they prepare to go to the Civil Registry Office.

Throughout history, interests have always been the main organising principle for relations between states and on the international arena. And the more civilised these relations become, the clearer it is that one's own interests must be balanced against the interests of other countries. And one must be able to find compromises to resolve the most difficult problems and issues.

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One of the major difficulties today is that certain members of the international community are absolutely convinced that their opinion is the correct one. And of course this is hardly conducive to creating the trusting atmosphere that I believe is crucial for finding more than simply mutually acceptable solutions, for finding optimal solutions. However, we also think that we should not dramatise anything unduly. If we express our opinions openly, honestly and forthrightly, then this does not imply that we are looking for confrontation. Moreover, I am deeply convinced that if we were able to reinstate honest discussion and the capacity to find compromises in the international arena then everyone would benefit. And I am convinced that certain crises that face the international community today would not exist and would not have had such a dire impact on the internal political situation in certain countries. For example, events in Iraq would not be such a headache for the United States. This is the most vivid, sharpest example but, nevertheless, I want you to understand me. And as you recall, we were opposed to military action in Iraq. We now consider that had we confronted the problems that faced us at the time with other means then the result would have been â€” in my opinion â€” still better than what we have today.

It is for that reason that we do not want confrontation; we want to engage in dialogue. However, we want a dialogue that acknowledges the equality of both parties' interests.

WALL STREET JOURNAL: A follow-up to the previous question. One of the most acute recent problems between Washington and Moscow has been American plans to install elements of a missile defence system in Europe. Since Russia is very radically opposed to this system and the White House confirms that it will go ahead regardless, the confrontation becomes more pronounced...

VLADIMIR PUTIN: Incidentally, that it is the answer to the previous question. I am sorry â€” please continue.

WALL STREET JOURNAL: ... and the more countries there are that want to participate in this system. What does Russia gain by being so fiercely opposed to this system? Are you hoping that Washington will eventually abandon its plans to install an anti-missile defence system or do you have other goals, since Washington has already said that it will not allow Russia to veto this programme?

VLADIMIR PUTIN: I would start with the Adapted Conventional Armed Forces Treaty in Europe (ACAF). We have not just stated that we are ready to comply with the treaty, like certain others have done. We really are implementing it: we have removed all of our heavy weapons from the European part of Russia and put them behind the Urals. We have reduced our Armed Forces by 300,000. We have taken several other steps required by the ACAF. But what have we seen in response? Eastern Europe is receiving new weapons, two new military bases are being set up in Romania and in Bulgaria, and there are two new missile launch areas â€” a radar in Czech republic and missile systems in Poland. And we are asking ourselves the question: what is going on? Russia is disarming unilaterally. But if we disarm unilaterally then we would like to see our partners be willing to do the same thing in Europe. On the contrary, Europe is being pumped full of new weapons systems. And of course we cannot help but be concerned.

What should we do in these circumstances? Of course we have declared a moratorium.

This applies to the missile defence system. But not just the missile defence system itself. Since if this missile system is put in place, it will work automatically with the entire nuclear capability of the United States. It will be an integral part of the U.S. nuclear capability.

I draw your attention and that of your readers to the fact that, for the first time in history â€” and I want to emphasize this â€” there are elements of the U.S. nuclear capability on the European continent. It simply changes the whole configuration of international security. That is the second thing.

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Finally, thirdly, how do they justify this? By the need to defend themselves against Iranian missiles. But there are no such missiles. Iran has no missiles with a range of 5,000 to 8,000 kilometres. In other words, we are being told that this missile defence system is there to defend against something that doesn't exist. Do you not think that this is even a little bit funny? But it would only be funny if it were not so said. We are not satisfied with the explanations that we are hearing. There is no justification whatsoever for installing a missile defence system in Europe. Our military experts certainly believe that this system affects the territory of the Russian Federation in front of the Ural mountains. And of course we have to respond to that.

And now I would like to give a definite answer to your question: what do we want? First of all, we want to be heard. We want our position to be understood. We do not exclude that our American partners might reconsider their decision. We are not imposing anything on anyone. But we are proceeding from common sense and think that everyone else could also use their common sense. But if this does not take place then we will absolve ourselves from the responsibility of our retaliatory steps because we are not initiating what is certainly growing into a new arms race in Europe. And we want everybody to understand very clearly that we are not going to bear responsibility for this arms race. For example, when they try to shift this responsibility to us in connection with our efforts to improve our strategic nuclear weapons. We did not initiate the withdrawal from the Anti-Ballistic Missile Treaty. But what response did we give when we discussed this issue with our American partners? We said that we do not have the resources and desire to establish such a system. But as professionals we both understand that a missile defence system for one side and no such a system for the other creates an illusion of security and increases the possibility of a nuclear conflict.

I am speaking purely theoretically â€” this has no personal dimension. It is destroying the strategic equilibrium in the world. In order to restore that balance without setting up a missile defence system we will have to create a system to overcome missile defence, and this is what we are doing now.

At that point our partners said: "there's nothing wrong, we are not enemies, we are not going to work against one another". We would point out that we are simply answering them: "we warned you, we talked about this, you answered us a certain way. So we are going to do what we said we would". And if they put a missile defence system in Europe â€” and we are warning this today â€” there will be retaliatory measures. We need to ensure our security. And we are not the proponents of this process.

And, finally, the last thing. Again I would not want you to suffer from the illusion that we have fallen out of love with anyone. But I sometimes think to myself: why are they doing all this? Why are our American partners trying so obstinately to deploy a missile defence system in Europe when â€” and this is perfectly obvious â€” it is not needed to defend against Iranian or â€” even more obvious â€” North Korean missiles? (We all know where North Korea is and the kind of range these missiles would need to have to be able to reach Europe.) So it is clearly not against them and it is clearly not against us because it is obvious to everyone that Russia is not preparing to attack anybody. Then why? Is it perhaps to ensure that we carry out these retaliatory measures? And to prevent a further rapprochement between Russian and Europe? If this is the case (and I am not claiming so, but it is a possibility), then I believe that this would be yet another mistake because that is not the way to improve international peace and security.

DER SPIEGEL: A short additional question: would you be prepared to consider the possibility of deploying a similar, Russian missile defence system somewhere near the United States, for example in Cuba?

VLADIMIR PUTIN: You know, I should have talked about this, but you brought it up before me. We are not planning any such thing and, as is well-known, we just recently dismantled our bases in Cuba. At the same time that the Americans are building new ones in Europe, in Romania and in Bulgaria. We dismantled them because after the fall of the Soviet Union our foreign policy changed a great deal because Russian society itself changed. We do not want a confrontation, we want cooperation. And we do not need bases close to anyone and we are not planning anything

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of the kind. That is the first thing.

The second. Basically, as a rule, modern weapons systems don't need such bases. These are generally political decisions.

NIKKEI: I am the only representative here from Asia. I would like to ask about your Asian policy. What is your general position towards Asian countries?

It is possible that you will not like the question but I must nevertheless ask about the Northern Territories and the dispute between Japan and Russia. I just heard from colleagues from Tokyo that Japan and Russia are going to hold a summit on 7 June 2007. And Prime Minister Abe will evidently raise the issue of the Northern Territories. He has already said very clearly that he wants to make a final decision on this issue with you, Mr Putin. And this means that before the end of your term you will somehow need to address this issue. What is your response to his political intentions?

VLADIMIR PUTIN: As you know, a significant portion of Russian territory is in Asia. The Asian continent is developing extremely quickly and holds great interest for us, especially in economic terms. It is not only interesting because we have a great deal of energy resources, something that Asian countries lack, and therefore the possibility to cooperate in the energy sector. There are also broader possibilities for cooperation. We believe that we have things to talk about and room to cooperate in the high-tech sector. We very much expect that this cooperation will help us develop the Asian part of Russia. Over the past 15 years we have witnessed difficulties in this region, including the depopulation of these territories. We are now adopting programmes to develop these Russian regions and intend to pay the closest possible attention to them. This is all associated with our interest in our Asian partners.

You probably know that our trade with both China and Japan is growing. I think that last year it grew by almost 60 percent. Japanese investors are coming to the Russian market and not only in the Far East â€” also to the European part of Russia. We welcome this interest in developing cooperation between our countries.

As to the so-called disputed islands that you mentioned. We do not consider them disputed because this situation was a result of the Second World War and was confirmed in international law and international documents. But we understand our Japanese partners' motives. We want to dispose of all the arguments from the past and look for a way forward on this issue together with Japan.

I would like to point out that my own impression is that recently there has been less rhetoric on this issue and the discussion has become more business-like and profound. We welcome this. And I would like to say once again that even the Soviet Union showed a great deal of flexibility on this issue in its time and in 1956 signed a declaration according to which two islands were to remain within the Soviet Union and two would go to Japan. The Supreme Council ratified this declaration as did Japan. And as a matter of fact, this document should have come into force. But our Japanese partners suddenly renounced the document even though they had already ratified it. It goes without saying that in such conditions it is difficult to find a mutually acceptable solution. However, we are determined to work with you towards finding one. And I am looking forward to meeting with my Japanese colleague in Heiligendamm. I hope that we will be able to talk about this issue especially since consultations at the working, expert level have not stopped. On the contrary, they have intensified recently.

THE TIMES: Today the British media are mainly interested in two issues concerning Russia. The first is the Litvinenko case. And the second is BP and Shell's experience in Russia.

I would like to ask you two questions. First, are there circumstances in which Russia would agree to Britain's request

to extradite Lugovoi?

And the second question. In light of BP and Shell's experience in Russia, should British companies invest in Russia?

VLADIMIR PUTIN: Are there circumstances in which Russia would extradite Lugovoi? There are. The Constitution of the Russian Federation would have to change. That is the first thing.

Second. Even if the Constitution were to be amended, one would need, of course, valid reasons to do so. Based on the information I received from the Prosecutor General the British party has not yet provided us with sufficient grounds to do so. There is a request for the extradition of Mr Lugovoi but no materials documenting the grounds on which we should do so. As diplomats say, this request has no substance: it is not supported by the materials that constitute the grounds on which our British colleagues asked us to extradite Lugovoi.

Finally, the third thing. As you know a criminal investigation into Litvinenko's death is proceeding in Britain. And if our law enforcement agencies gather enough evidence to take anyone to court, if there is enough material in connection with any citizen of the Russian Federation to bring this evidence to court, this will certainly be done. And I very much hope that our British colleagues will assist us effectively. Not simply by demanding the extradition of Lugovoi but also by sending enough evidence so that we could put the case before a court. We will do this in Russia and convict any person found guilty of Litvinenko's murder.

And now about the request itself. I have very mixed feelings about this request. If the people who sent this request did not know that the Russian Constitution prohibits the extradition of Russian citizens to foreign countries then their level of competency must certainly be questioned. In general the heads of such high-ranking law enforcement agencies should know this. And if they do not know this then their place is not in law enforcement agencies but somewhere else. In parliament, for example, or in journalism. But on the other hand, if they did know this but made the request anyways, then it is just a publicity stunt. In other words, you can look at the problem from any way but in all cases you see stupidity. I do not see any positive aspects to what was done. If they did not know then they are incompetent and we have doubts about what they have been doing there. And if they did know and did it anyway then that is pure politics. Both options are bad.

One last point. I think that after the British government allowed a significant number of criminals, thieves and terrorists to gather in Britain they created an environment which endangers the lives and health of British citizens. And all responsibility for this lies with the British side.

Shell. I would like to clarify the issue. What are you interested in with respect to Shell and BP? Shell in Sakhalin, is that right?

THE TIMES: Yes, it is a question about Sakhalin, about BP's permit. Will it be necessary to renounce the permit or they may still expect to keep it?

VLADIMIR PUTIN: Have you seen the original agreement? Have you ever read it?

THE TIMES: Yes.

VLADIMIR PUTIN: Did you like what was written? You know, that is a colonial treaty that has absolutely nothing to do with the interests of the Russian Federation. I can only regret that in the early 1990s the Russian officials allowed such incidents to take place, incidents for which they should have been put in prison. Implementing this treaty

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resulted in a situation in which, for a long period of time, Russia allowed its natural resources to be exploited and received nothing in return. Almost nothing at all. But if our partners had been fulfilling their obligations correctly then we certainly would have had no chance to rectify the situation. But they are guilty of violating environmental laws and this is a generally accepted fact that is supported with objective data. And I must say that our partners do not even deny it. Environmental experts have corroborated this evidence. Incidentally, Gazprom has received various proposals from its partners to join the project even earlier, before any environmental scandal, but refused to do so. But after the environmental problems arose and there was the threat of fines, I believe that Gazprom's entry quite simply saved the project.

And, finally, one last point. Gazprom did not simply act as a result of our pressure and take something away, Gazprom paid a huge sum of money to enter the project â€" 8 billion USD. That is a market price. And, as far as I understood, the partners working on the project were satisfied because all the terms and conditions of the treaty are being met and no one is questioning this treaty's purpose. Our foreign partners are receiving all the resources that they had planned to receive from this project. And I think that this is a good example of cooperation and our responsibility even in the face of situations that arose in the early 1990s, situations that were clearly beyond the pale of law.

As to BP, you know that every country has certain rules about working in the subsoil. These rules exist in Russia as well. If anyone believes that they do not need to observe such rules in Russia, they are mistaken. And this does not only concern BP. If you are referring to the Kovyktinskoye deposit â€" and you evidently have this in mind â€" in addition to BP there are also Russian companies participating in the project. And this does not only affect BP but also about Mr Wechselberg's company and Mr Potanin's company. They are all Russian economic residents. And for that reason the affair is not limited to BP, to a foreign partner, but to all shareholders that have committed to developing this deposit and, unfortunately, have failed to comply with the terms of their permit. They have not yet started to develop it. According to the permit's conditions they should have already begun extraction last year. And not simply begun but also extracted a certain amount of gas. Unfortunately, they have not done so.

And one can find a huge number of reasons for this, including that it was necessary to be part of a pipeline system. But they already knew this when they applied for a permit. They knew about these problems and potential limitations. And they nevertheless went ahead and got a permit. I am not even going to talk about how they obtained this permit. We will let it rest in the conscience of those who did this at the beginning of the 1990s.

But I would like to draw your attention to the fact that the gas reserves in the field amount to some 3 trillion cubic metres. To understand the volume and importance for Russia, one might say that this is equivalent to almost all of Canada's reserves. But if the participants in this consortium are not doing anything to use their permit, how long should we wait?

Obviously the Ministry of Natural Resources raised the issue of withdrawing the permit. Even though, as you can see, negotiations are going on and I don't know what they will end with. I don't know what decision the Natural Resources Ministry and the company shareholders will make. I deliberately say company shareholders because if you talk about the company BP, and not simply about the Russian part of the corporation that was preparing to develop the Kovyktinskoye deposit, then to a large or a significant degree its deposits in the world are increasing at Russia's expense. And if you talk with the past or present BP leadership they will confirm this.

Moreover, 25 percent of BP's revenues come from its activities in the Russian Federation. We welcome the company's participation in the Russian economy and will continue to support and help companies but we want their activities to be executed within existing legislation.

KOMMERSANT: Vladimir Vladimirovich, in my opinion, recently Russia's relations with the West are developing at a

catastrophic speed. If you examine them then you see that everything is very bad and going from bad to worse: the energy dialogue is frozen, no one is even talking about the Energy Charter, the arms race is proceeding. And you acknowledge it yourself. Yesterday you said that, yes, there is an arms race â€" you used precisely those words. And there is a new word in your vocabulary that was not there before, the word imperialism. That is a word from Soviet times. American imperialism and Israeli militarism were both terms that you must remember. And they were countered only by Soviet peace initiatives, as they are now countered by Russian peace initiatives. I would like to ask: do you not think it is possible to talk about certain compromises, to engage in compromises, to look even occasionally, even for show, at public opinion in Europe, in America and, finally, in Russia? Do you not think that this present course is leading nowhere? It is becoming, even gaining new strength with, this arms race, with these missiles of ours. To what purpose?

VLADIMIR PUTIN: Frankly, I find this question quite strange and unexpected. An arms race really is unfolding. Well, was it we who withdrew from the ABM Treaty? We must react to what our partners do. We already told them two years ago, "don't do this, you don't need to do this. What are you doing? You are destroying the system of international security. You must understand that you are forcing us to take retaliatory steps." They said: "okay, no problem, go ahead. We are not enemies. Do what you want to." I think that this was based on the illusion that Russia would have nothing to answer with. But we warned them. No, they did not listen to us. Then we heard about them developing low-yield nuclear weapons and they are continuing to develop these charges. We understand in the rocks where bin Laden is hiding it might be necessary to, shall we say, destroy some of his asylum. Yes, such an objective probably exists.

But perhaps it would be better to look for other ways and means to resolve the problem rather than create low-yield nuclear weapons, lower the threshold for using nuclear weapons, and thereby put humankind on the brink of nuclear catastrophe. But they are not listening to us. We are saying: do not deploy weapons in space. We don't want to do that. No, it continues: "whoever is not with us is against us". What is that? Is it a dialogue or a search for compromise? The entire dialogue can be summed up by: whoever is not with us is against us.

I talked about how we implemented the ACAF, the Conventional Armed Forces in Europe Treaty. We really have implemented it; I wasn't inventing anything. And there are inspection groups that come, they go onsite, our western partners check and see everything. We implemented it. And in response we get bases and a missile defence system in Europe. So what should we do?

You talked about public opinion. Public opinion in Russia is in favour of us ensuring our security. Where can you find a public in favour of the idea that we must completely disarm, and then perhaps, according to theorists such as Zbignew Brzezinski, that we must divide our territory into three or four parts.

If such a public did exist, I would argue with it. I was not elected President of the Russian Federation to put my country on the brink of disaster. And if this equilibrium in the world is finally broken then it will be a catastrophe not only for Russia but also for the whole world.

Some people have the illusion that you can do everything just as you want, irregardless of the interests of other people. Of course it is for precisely this reason that the international situation gets worse and eventually results in an arms race as you pointed out. But we are not the instigators. We do not want it. Why would we want to divert resources to this? And we are not jeopardising our relations with anyone. But we must respond.

Name even one step that we have taken or one action of ours designed to worsen the situation. There are none. We are not interested in that. We are interested in having a good atmosphere, environment and energy dialogue around Russia.

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We already talked about how we subsidized countries, the former republics of the Soviet Union, by providing them with cheap energy for 15 years. Why did we need to do that, where is the logic, what is the justification for this? We subsidised Ukraine for 15 years, by three to five billion dollars a year. Just think about it! Who else in the world does this? And our actions are not politicized. They are not political actions.

The very best example and proof of this â€” and I talked about this recently at a press conference â€” is the Baltic countries that we also subsidised for all these years. When we realised that the Baltic states were engaging in honest economic relations with us and that they were ready to transfer to world, to European pricing, then we met them half way. We said: "fine. We are going to continue to deliver energy to you at discounted prices. Let's agree on a timetable for a transition to European prices". We agreed with them and signed the relevant documents. Within three years they had gently overcome the transition to European pricing. Even considering the fact that we did not have a border treaty with Latvia and there was a serious political disagreement on this issue, until last year Latvia received cheap Russian gas and, as a whole, the gas Latvia received in 2006 was about a third cheaper then what it was for, for example, Germany. Ask the Latvian Prime Minister and he will confirm this.

When the Ukrainian question arose then we were told that this was a political decision and they accused us of supporting Lukashenko's regime, a regime that western countries are not very fond of. We said : "listen, first of all, we cannot simply declare war on all fronts. Secondly, we are planning to transfer to market pricing with all of our partners. The time will come when we do this with Belarus as well". We did this. Yet once we had done so the noise began, including in the western media: what are we doing there, why are we harming small Belarus? Is this a fair and admirable attitude towards Russia? We switched to one pricing regime with all the countries of the Caucasus: with Georgia â€” with whom we do not have very good political relations â€” and with Armenia, with whom we have excellent relations and a strategic alliance. Yes, we have heard a lot of criticism including from our Armenian partners but at the end of the day we were able to understand one another and find a way forward. They could not pay the entire price with liquid and therefore are paying in physical assets. With live, real assets and all of this is formalised on paper. No one can accuse us of politicizing these issues. We are not preparing to spend huge amounts of money subsidising other countries' economies. We are ready to develop integration on the territory of the former Soviet Union, but it must be integration on an equal footing. But you know, they are coming closer and closer to our interests and everyone is increasingly expecting that we are not going to defend these interests. If we want order and international law to prevail in the international arena then we must respect this law and the interests of all members of the international community. That is all.

KOMMERSANT: When I mentioned public opinion in Russia I was referring to the fact that, as I understand it, public opinion in Russia would be strongly opposed to a new arms race after the one the Soviet Union lost.

VLADIMIR PUTIN: And I am also against an arms race. I am opposed to any kind of arms race but I would like to quickly draw your attention to something I said in last year's Address [to the Federal Assembly]. We have learned from the Soviet Union's experience and we will not be drawn into an arms race that anyone imposes on us. We will not respond symmetrically, we will respond with other methods and means that are no less effective. This is called an asymmetrical response.

The United States are building a huge and costly missile defence system which will cost dozens and dozens of billions of dollars. We said: "no, we are not going to be pulled into this race. We will construct systems that will be much cheaper yet effective enough to overcome the missile defence system and therefore maintain the balance of power in the world." And we are going to proceed this way in the future.

Moreover, I want to draw your attention to the fact that, despite our retaliatory measures, the volume of our defence expenditures as a percentage of GDP is not growing. They were 2,7 percent of GDP and will remain so. We are planning the same amount of defence spending for the next 5 to 10 years. This is fully in line with the average

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expenditures of NATO countries. This amount is not more than their average defence expenditures and in some cases it is even lower than that of NATO member countries. And we can use our competitive advantages which include quite advanced military-industrial capabilities and the intellectual capacities of those who work in our military complex. There are good results and good people. In any case, much of this has been preserved, and we will do everything possible in order not only to maintain but also to develop this potential.

CORRERE DELLA SERA: Mr President, two more points about the strategic balance in Europe. I would like to ask you whether you think that the Intermediate-Range Nuclear Forces Treaty (INF) is presently at risk and if it could lose force judging by what happened to the ACAF?

And the second point. You said that you do not want to participate in an arms race. But if the United States continues building a strategic shield in Poland and the Czech Republic, will we not return to the situation and times in which the former Soviet Union's nuclear forces were focused on European cities, on European targets?

VLADIMIR PUTIN: Certainly. Of course we will return to those times. And it is clear that if part of the United States' nuclear capability is situated in Europe and that our military experts consider that they represent a potential threat then we will have to take appropriate retaliatory steps. What steps? Of course we must have new targets in Europe. And determining precisely which means will be used to destroy the installations that our experts believe represent a potential threat for the Russian Federation is a matter of technology. Ballistic or cruise missiles or a completely new system. I repeat that it is a matter of technology.

CORRIERE DELLA SERA: And what about the INF Treaty?

VLADIMIR PUTIN: The Treaty on intermediate-range nuclear forces is a broader problem and not directly related to the United States' missile defence system.

The issue at hand is that only the U.S. and Russia are prevented from developing intermediate-range missiles and, meanwhile, a lot of other countries are doing so. I already talked about this. They include Israel, Pakistan, Iran and North Korea. If this were a comprehensive agreement then it would be clear that all must abide by it. But when almost all countries in the world are developing or planning to develop these missiles, I do not quite understand why there should be limits for either the United States or Russia.

We have non-proliferation agreements. That is clear. These agreements are comprehensive. We find it difficult but until now we have kept the world from taking any steps that might exacerbate the situation or, God forbid, result in disaster.

And I repeat that these agreements are not comprehensive with respect to intermediate-range missiles, so we certainly do think about what we need to do to ensure our safety. I repeat that many countries are doing this, including our neighbours.

And I want to emphasise again that this has nothing to do with the United States' plans to deploy a missile defence system in Europe. But we will find answers to both threats.

LE FIGARO: Mr President, at the G8 summit you will meet with the newly elected President Sarkozy. You had a close working relationship with President Chirac, the former President of France. How do you imagine relations between Russia and France developing during the Sarkozy presidency, since Mr Sarkozy is regarded as a friend of America's and expected to focus his foreign policy on human rights?

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VLADIMIR PUTIN: You know, I would be very happy if someone were to focus on the problem of human rights. I just read Amnesty International's report and there are many issues that apply not only to Russia but also to our partners, including within the G8. The criticism is very harsh: issues such as violations of the rights of the media, torture, police that mistreat detainees, migration legislation. I think that we should all pay attention to these issues.

And I can only be happy if someone is a friend of the United States because we also think of ourselves as friends of the United States. I say that without exaggeration even though you could perhaps find a contradiction in light of the fact that we are now discussing problems such as missile defence, the ACAF and others so heatedly. It may not seem convincing but it is the case. Our relations are very different then, shall we say, 20 or even 15 years ago. And when the U.S. President says that we are no longer enemies I not only believe him but I feel the same way myself. Because the issue is not limited to who is whose friend and which friendship is stronger. The issue at hand is how to strengthen the present system of international security, what we need to do to attain this, and what is preventing us from doing so. And in this respect we have different positions and different opinions. We have one point of view, our American partners have another.

As far as I was able to tell when Mr Sarkozy made one of his first public statements, he stressed that he was indeed a friend of the United States. But along with this he said that that did not mean that we must agree on everything, and our friends have to admit that on a range of questions we can have our own views. I can only welcome this because I personally have taken exactly the same approach. And I do not see anything unusual here if we express our views and defend a position on a given issue. How is that unusual?

On the question of our relations with France, they run deep, there are mutual political interests, common interests. We have similar positions on many international issues. There is a large amount of economic cooperation and, most importantly, very high potential further cooperation. All this creates a good basis for the development of future relations. I very much hope that this will take place. In any case, during the conversation I had with the newly elected President of France on the phone, we spoke of how the French leadership intended to embark on similar positive work. We have scheduled a meeting with the President of France in Germany during the G8, we shall get to know each other. I think that we will establish good working and personal relations. In any case, I would very much like to do so and we will work hard to achieve this.

LE FIGARO: Let me ask you a question about gas. It concerns developing the Shtokman deposit with Gazprom. Gazprom has decided to develop the Shtokman deposit on its own, without the consortium. And, as you know, this is a test of the investment climate in Russia. Do you think that there is any possibility that Western oil companies will be involved in this project?

VLADIMIR PUTIN: Gazprom did not say that there will be no consortium. Gazprom did announce that it will develop the deposit by itself. These are still things we have to separate. Gazprom will be the sole developer and have sole ownership, but this does not mean that Gazprom does not intend to try to work with foreign partners in fields such as mining. And if we do engage in gas liquification then Gazprom will be ready to continue to engage in broad cooperation with foreign partners, including in the design and construction of a plant to liquefy gas, in distribution and in selling gas.

THE GLOBE AND MAIL: Rumours suggesting that Russia should no longer be a member of the G8 continue to circulate. They say that your country is moving away from the values of liberal democracy, has been unable to improve its record in terms of political freedom, transparency, the development of human rights, and so forth. People are saying that part of the Russian economy has moved away from the principles of free economy and is now back in the hands of the state. According to this point of view, your country might no longer be considered as belonging to the ranks of industrialised countries that make up the G8.

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How do you respond to such assertions?

VLADIMIR PUTIN: I would say that this is the usual stupidity and perhaps motivated by a desire to draw attention to oneself, perhaps to gain some political goals, aggravate problems, or to attract special attention to these issues. We ourselves did not ask to join the G8. It was offered to us and we are delighted to be there.

Russia, as you know, is changing and changing very rapidly. Measured in economic terms we are now ninth in the world and by some indicators have already overtaken certain G8 countries. If we consider the magnitude of the economy in a certain way then we have already overtaken some of the G8 countries.

Russia has enormous gold and currency reserves, the third largest in the world. Russia has very sound macroeconomic policies and thereby influences the global financial market. Maybe this is not very significant degree today, but nevertheless important.

Russia is one of the leading players in international energy policy. I said last year that we had moved into first place as an oil producer, ahead of everybody. And we have already been ranked as the largest producer of natural gas for a long time. Russia's role and significance in the energy sector are increasing and will continue to grow.

After all, Russia is one of the biggest nuclear powers. Let us not forget that Russia is one of the founding members of the United Nations and a permanent member of the Security Council.

If someone wants to turn the G8 into an exclusive club for a few members who will try to resolve humanity's problems among themselves, I think that no good will come of it.

On the contrary, we are presently examining the idea of extending the G8 club with a view to involving other countries more systematically in the G8: China, India, Brazil, Mexico and the Republic of South Africa.

Let us not be hypocritical about democratic freedoms and human rights. I already said that I have a copy of Amnesty International's report including on the United States. There is probably no need to repeat this so as not to offend anyone. If you wish, I shall now report how the United States does in all this. We have an expression that is perhaps difficult to translate but it means that one can always have plenty to say about others. Amnesty International has concluded that the United States is now the principal violator of human rights and freedoms worldwide. I have the quote here, I can show you. And there is argumentation behind it.

There are similar claims about Great Britain, France or the Federal Republic of Germany. The same could be said of Russia. But let us not forget that other countries in the G8 have not experienced the dramatic transformations that the Russian Federation has undergone. They have not experienced a civil war, which we, in fact, had in the Caucasus.

And yet we have preserved many of the so-called common values even better than some other G8 countries. Despite serious conflicts in the Caucasus, we have not abandoned our moratorium on the death penalty. And, as we know, in some G8 countries this penalty is applied quite consistently and strictly enforced.

So I think that such discussions are certainly possible, but I am sure they have no serious justification.

Let me say again that, as far as I know, the German presidency of the G8 wants to formulate rules for dealing with some of the major economies of the world on an ongoing basis. I have already listed these countries and we certainly

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support our German partners. I think this initiative is absolutely valid.

THE GLOBE AND MAIL: A follow-up question. You talked about the problems of a unipolar world. Have you considered the possibility of creating some kind of alliance, some formal relations between countries, which could be seen as an alternative pole in the system of international relations?

VLADIMIR PUTIN: I think it would be a dead end, the wrong way to go about development. We advocate a multipolar world. We believe that it should be diverse and respect the interests of the overwhelming majority of the international community. We must create these rules and learn to respect these rules.

DER SPIEGEL: Mr President, former Federal Chancellor Gerhard Schroeder called you a 'pure democrat'. Do you consider yourself such?

VLADIMIR PUTIN: (laughs) Am I a 'pure democrat'? Of course I am, absolutely. But do you know what the problem is? Not even a problem but a real tragedy? The problem is that I'm all alone, the only one of my kind in the whole wide world. Just look at what's happening in North America, it's simply awful: torture, homeless people, Guantanamo, people detained without trial and investigation. Just look at what's happening in Europe: harsh treatment of demonstrators, rubber bullets and tear gas used first in one capital then in another, demonstrators killed on the streets. That's not even to mention the post-Soviet area. Only the guys in Ukraine still gave hope, but they've completely discredited themselves now and things are moving towards total tyranny there; complete violation of the Constitution and the law and so on. There is no one to talk to since Mahatma Gandhi died.

DER SPIEGEL: And your country is not moving at all back towards a totalitarian regime?

VLADIMIR PUTIN: There is no truth in that. Do not believe what you hear.

DER SPIEGEL: You had very close relations with Gerhard Schroeder. Do you think that Angela Merkel, the new chancellor, is more inclined to seek contact with the United States rather than with Russia?

VLADIMIR PUTIN: Every person and every politician chooses their own style of behaviour and sets their own priorities. I do not have the impression that there has been any worsening of our relations with Germany. For all my good relations with Gerhard Schroeder, I can say that I have also established very good and businesslike relations with Ms Merkel. Yes, she shows more persistence in some areas. She is very happy to fight for Polish meat, for example. As I have already said, she does not want to eat it herself: we all know that a delivery of Polish meat was seized in Berlin. But when it comes to the key issues, the questions of principle, there are no problems between us that could get in the way of developing the ties between our countries. We have very pragmatic and consistent relations and we see that there is continuity with regard to the previous government's policy when it comes to relations with Russia.

KOMMERSANT: Vladimir Vladimirovich, this is perhaps more of a local, specific matter, but I think the issue is nevertheless important. Our newspaper has been writing over the last few days about the fact that, two days ago, the Federal Customs Service banned biological materials from being taken out of the country. It is quite simply not letting them out of the country.

VLADIMIR PUTIN: What are these biological materials?

KOMMERSANT: Samples of biological materials, things such as blood samples, pieces of human tissue, material

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that is needed for carrying out quality analysis in the West where there are large-scale data bases. This is needed in order to establish the most accurate diagnosis for people in Russia who have cancer, for example, and in order, ultimately, to be able to operate on them and help them. But the customs service is not letting these samples out of the country. Various explanations are being circulated as to why this is so, but facts remains facts. The Federal Customs Service even issued a statement today saying that some rules would soon be drawn up on this matter. But the samples are already not being allowed out of the country. What is your view on this matter?

VLADIMIR PUTIN: It is hard for me to say exactly because I do not know very much about this. I think that rules should be drawn up, and the Health Ministry should take part in this work. You say that these samples are sent abroad in order to help people, but my question in this case is: who has been helped through this and what help have they actually received? Are there any statistics? I do not have any such statistics and, overall, I have my doubts as to whether anyone has been specifically helped through these biological samples being sent abroad.

KOMMERSANT: Getting a correct diagnosis is already a form of help, and it is these international data bases abroad that are used to establish the correct diagnosis.

VLADIMIR PUTIN: And where is this diagnosis? Show me statistics proving that someone has received the correct diagnosis as a result of this work?

KOMMERSANT: We can show you these statistics.

VLADIMIR PUTIN: Send them to me then. But one should be working with the Health Ministry on all of this. All countries have rules on issues such as organs, tissues and so on being taken out of the country. This is a sensitive issue and any civilised country should have some rules in this area, Russia too. I do not know all the details of this issue, but rules will be put in place and we will all work within their framework.

KOMMERSANT: But perhaps the border could be opened again while the rules are being drafted? Perhaps the previous rules could continue to be applied over this period?

VLADIMIR PUTIN: There are no previous rules. If there had been a set of rules, it would be possible to say whether or not violations have taken place, but there simply was no previous set of rules. Now we need to take steps to bring order to this situation and the Health Ministry's specialists need to get involved in this work and set out their position.

NIKKEI: Asian people see Russia through the prism of relations with the United States and Europe. I think that we need to look at Russia directly as an Asian country because Russia is a big country and a substantial part of its territory lies in Asia. Now, we are seeing economic growth in Asia taking place at a pace that would have been hard to imagine in the past.

The Asian countries are all growing very fast. Japan has entered a new period of growth and China, of course, is one of the fastest-growing countries. Various bilateral agreements on trade preferences and so on have been signed in Asia alongside the multilateral agreements. Russia is also showing rapid economic growth. How do you plan to take part in the Asian region's dynamic development and how do you plan to work within the six-party group? Why not make use of the possibilities investment cooperation offers as a form of cooperation?

VLADIMIR PUTIN: Could you specify which six-party group you are referring to?

NIKKEI: The six-party talks on resolving the situation in North Korea. Russia is one of the parties in these

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negotiations, the aim of which is to resolve the North Korean issue. How do you plan to play a more active part in this process?

VLADIMIR PUTIN: We are actively involved in the six-party negotiations on the North Korean nuclear issue. You have probably been able to see for yourself that our position on this complex issue is very productive, and our position has indeed helped to achieve positive results in this area. We have always taken the view that we need to avoid anything that could drive the negotiations into deadlock, and that we need to take North Korea's interests into account and work towards agreements that all sides can accept. China has worked very hard, of course, to help achieve a positive outcome. I think that all the parties in this process have shown goodwill and have demonstrated that, despite the seriousness of the problem, they all seek an agreement and are willing to look for compromise solutions that can always be found. We will continue our work in this area.

Regarding Asia as a whole, I have already said that Asia is one of our priorities. We will work together within the international organisations and we already take part in many Asian forums and will continue to participate in their work.

As for economic matters, if we take the energy issue, one of the most pressing problems, you know that we are already building an oil pipeline to the Pacific coast and we are looking at building a gas pipeline as well. Active work is underway on plans to build a gas pipeline to China and also to the Pacific coast.

We will also continue to work together in other sectors, in the high-technology sector and in military-technical cooperation. We will develop multilateral cooperation with Asia.

THE TIMES: Tony Blair has finally decided to give his support to Gordon Brown to become the new prime minister. Do you think this is the right choice? For your part, who would you like to see as the next President of Russia?

VLADIMIR PUTIN: If you are hinting at Gordon Brown, for all the respect I have for him, he is not likely to become President of Russia. (Laughter).

The Labour Party's choice is not our affair. We know Gordon Brown to be a top-class specialist and I hope that if he does indeed become prime minister the positive results obtained over recent years will be taken into account and we will be able to develop further our relations with the United Kingdom. We have many common interests in a wide variety of areas. Tony and I have discussed this on many occasions. We have discussed our cooperation and the prospects for work together between the Russian and British governments.

I remember what a warm welcome I received when I made a state visit to the United Kingdom. All of these things have so many positive elements that can help us to continue moving forward. As for the decisions taken within the Labour Party, we will of course agree with its decision and will work with our new partners whoever they may be.

As for Russia, unlike in the United Kingdom, where the prime minister is chosen within a political party, the President here is elected by Russian voters through direct secret ballot.

THE TIMES: But even so, what kind of person would you like to see, and what kind of qualities should they have?

VLADIMIR PUTIN: I would like to see above all someone who is decent and honest, someone with a high level of professionalism and experience who has already proven themselves and achieved positive results at regional or federal level. In other words, I would like to see someone who can inspire confidence in the great majority of Russian

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voters through the election campaign and the election process.

SPIEGEL: Could this person be someone who has already been president?

VLADIMIR PUTIN: There has been only one previous President of Russia - Boris Yeltsin. Today is a day of memory for Boris Yeltsin - the fortieth day since his passing. There have been no other presidents of the Russian Federation. My term in office is coming to an end. I do not even understand what you are talking about.

WALL STREET JOURNAL: Now that your term in office is coming to an end, how would you like history to remember your presidency? What are the main achievements of your presidency you would like to see remembered? In this respect, which Russian or world leader's rule would you like your presidency to be compared to?

VLADIMIR PUTIN: Starting from the end, why make comparisons? The situation in each historical period and in each country is always unique in its way and I do not see the need to make comparisons. Time will pass and the specialists, the public and the experts will objectively assess what I was able to achieve during these eight years as President of the Russian Federation.

I think there are things of which I and the people who have worked with me can feel deservedly proud. They include restoring Russia's territorial integrity, strengthening the state, progress towards establishing a multiparty system, strengthening the parliamentary system, restoring the Armed Forces' potential and, of course, developing the economy. As you know, our economy has been growing by 6.9 percent a year on average over this time, and our GDP increased by 7.7 percent over the first four months of this year alone.

When I began my work in 2000, 30 percent of our population was living below the poverty line. There has been a two-fold drop in the number of people living below the poverty line since then and the figure today is around 15 percent. By 2009-2010, we will bring this figure down to 10 percent, and this will bring us in line with the European average.

We had enormous debts, simply catastrophic for our economy, but we have paid them off in full now. Not only have we paid our debts, but we now have the best foreign debt to GDP ratio in Europe. Our gold and currency reserve figures are well known: in 2000, they stood at just $12 billion and we had a debt of more than 100 percent of GDP, but now we have the third-biggest gold and currency reserves in the world and they increased by $90 billion over the first four months of this year alone.

During the 1990s and even in 2000-2001, we had massive capital flight from Russia with $15 billion, $20 billion or $25 billion leaving the country every year. Last year we reversed this situation for the first time and had capital inflow of $41 billion. We have already had capital inflow of $40 billion over the first four months of this year. Russia's stock market capitalisation showed immense growth last year and increased by more than 50 percent. This is one of the best results in the world, perhaps even the best. Our economy was near the bottom of the list of world economies in terms of size but today it has climbed to ninth place and in some areas has even overtaken some of the other G8 countries' economies. This means that today we are able to tackle social problems. Real incomes are growing by around 12 percent a year. Real income growth over the first four months of this year came to just over 18 percent, while wages rose by 11-12 percent.

Looking at the problems we have yet to resolve, one of the biggest is the huge income gap between the people at the top and the bottom of the scale. Combating poverty is obviously one of our top priorities in the immediate term and we still have to do a lot to improve our pension system too because the correlation between pensions and the average wage is still lower here than in Europe. The gap between incomes at the top and bottom end of the scale is

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still high here - a 15.6-15.7-fold difference. This is less than in the United States today (they have a figure of 15.9) but more than in the UK or Italy (where they have 13.6-13.7). But this remains a big gap for us and fighting poverty is one of our biggest priorities.

The demographic situation is another priority. We need to do all we can to change the demographic situation. We have adopted a special programme in this area. I will not repeat all the programme's details now but we are allocating major resources to its implementation and I am sure that it will achieve results.

On the issue of state-building, we are often criticised for centralising state power, but few pay attention to the fact that we have made a whole number of decisions to decentralise state power and have transferred considerable powers to the regional and, most importantly, to the municipal authorities.

It was with amazement that I followed the debate in Germany on what powers to give to the lands. I followed this whole debate with amazement and saw that we have long since already done all of this. It would be simply comical in Russia today to hear a debate on giving the municipal or regional authorities the power to decide, for example, on the opening and closing of shops and so on. Russian municipalities have much broader powers than in many European countries, and we think that this is the right policy. Unfortunately, we had a situation in which the financial resources were not available to back these powers, but we are gradually changing this situation. That is as concerns the general situation in this area now in Russia, though we still have much work to do.

CORRIERE DELLA SERA: Mr President, I promised my colleagues that I would keep silent, but I have one more very brief question for you. I realise that it is Russia's voters who will elect the next president, but could you perhaps say something about what you, Vladimir Putin, will do after your term in office ends?

VLADIMIR PUTIN: I will work, that is for sure, but where and in what capacity I cannot say at this point. I do have some ideas on this point but it is early as yet to talk about them. Even under current Russian law I am still a long way away from retirement age and it would make no sense to just sit at home and twiddle my thumbs.

But I do not want to talk about my possible future plans at this point. To be honest, I just do not think it right to get public opinion all excited over this matter right now. We have to wait and see how the situation shapes up, how the political process in Russia progresses over this year and the beginning of next year. There are a number of different possibilities.

CORRIERE DELLA SERA: I have a second question on Russian foreign policy. It seems to me that Russian foreign policy does not offer any real alternative to say U.S. or European foreign policy.

One example is Iran. Of course, Russia does not want Iran to become a nuclear state, after all, Iran is very close to Russia's borders. But what alternative is there to the West's policy of sanctions, to the policy the West has pursued, including with Russia's participation, in the UN? Do you see any alternative that Russia could put forward?

Kosovo is another example. I know your position on Kosovo, your position regarding direct negotiations between the Serbs and the Kosovars. But do you not think that the position you have taken against Mr Ahtisaari and the UN could actually encourage Kosovo to unilaterally declare independence?

VLADIMIR PUTIN: Regarding what Russia can propose by way of solutions to complex or at first glance irresolvable problems, I just spoke about the North Korean issue with your colleague, Mr Ota. We all know that despite this problem's complexity, a solution has been found, and it is possible to settle issues when, rather than dramatising the

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situation and driving things into a dead end, the parties decide to look for ways out of the deadlock and accept a compromise. Problems can be solved without having to use threats and armed force, and we support this method of settling issues.

Regarding Kosovo, you mentioned that we support the idea of dialogue between Kosovo's Albanian population and the Serbs. But that does not fully sum up our position. I would like to say a bit more on this point.

First, our position is based on the principles of international law, and one of these main principles is that of a state's territorial integrity.

Second, our position is also based on United Nations Security Council Resolution 1244, which, I want to stress, was voted for unanimously, and which no one has repealed. This resolution sets out clearly, black on white, that Kosovo is an integral part of Serbia.

If we want to place the principle of a people's right to self-determination - the principle behind the Soviet Union's policy during the time when peoples were struggling to free themselves from colonialism - above the principle of territorial integrity, this policy and this decision should be universal and should apply to all parts of the world, and at least to all parts of Europe. We are not convinced by our partners' statements to the effect that Kosovo is a unique case. There is nothing to suggest that the case of Kosovo is any different to that of South Ossetia, Abkhazia or Trans-Dniester. The Yugoslav communist empire collapsed in one case and the Soviet communist empire collapsed in the second. Both cases had their litany of war, victims, criminals and the victims of crimes. South Ossetia, Abkhazia and Trans-Dniester have been living essentially as independent states for 15 years now and have elected parliaments and presidents and adopted constitutions. There is no difference.

We do not understand why we should support one principle in one part of Europe and follow other principles in other parts of Europe, denying peoples in the Caucasus, say, the right to self-determination.

I do not rule out that gradual work on the Serbian side could eventually transform their view on Kosovo. I do not want to speak for the Serbs, but ongoing and tactful work could result in some kind of compromise being reached.

I do not understand the need today to force an entire European people to its knees and humiliate it so that an entire nation will then look upon those who have brought about this situation as enemies. These kinds of issues should be settled only through a process of agreement and compromise, and I think that we have not yet exhausted our possibilities in this respect.

We are told that there is a need to hurry, but hurry where? What is taking place to make so urgent to leap about like, excuse the expression, a flea in a lasso?

CORRIERE DELLA SERA: Could you say a few words about Iran?

VLADIMIR PUTIN: I already said that we were able to settle the North Korean issue without making any particular threats and without the use of force. Why should we not be able to find a solution to the Iranian problem? We need to keep searching and we need to be patient.

I agree that it is a complex issue. Mr Solana just met in Madrid, I think with Iranian representatives and the dialogue continues. We want it to continue in the future. As you can see, we are working together with all the members of the UN Security Council to look for mutually acceptable solutions, and we feel the highest degree of responsibility for this

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work.

THE TIMES: Can I ask you in this respect: do you agree with President Bush that it would be unacceptable for Iran to have nuclear weapons?

VLADIMIR PUTIN: I absolutely agree.

LE FIGARO: I would like to respond to your comments on Kosovo. I do not see any possibility for a compromise solution. Could you explain what kind of compromise would be possible? A country is either independent or it is not. What kind of compromise is possible here?

VLADIMIR PUTIN: If I knew, I would have long since proposed it. We need to keep looking. This is difficult and complex work. I do not know. I do not know at the moment. But Montenegro and Serbia, for example, reached a compromise for a period in their history, and everyone agreed with it. That's just one example. But has it not occurred to you that asserting the principle of the right to self-determination could set off negative processes of the kind that Russia encounters, and not just in the post-Soviet area? It would be hard for us to explain to the different peoples of the North Caucasus why people in one part of Europe have this right, but they do not. You have, for example, the situation where part of the Ossetian people lives in Russia and the other part lives on Georgian territory and consider themselves an independent state, and how do we explain to the Ossetians why they cannot enjoy the same rights as other peoples in Europe, why Albanians are allowed to enjoy these rights but not Ossetians? This would be impossible to explain.

Furthermore, this decision would encourage separatist movements in Europe itself. Scotland, as far as I know, plans to hold a referendum on independence in three years' time. Similar movements exist in Catalonia and this process has been going on for a long time now in the Basque Country. If we dig deeper into the situation in the Balkans, we see that the Respublika Srpska will want to unite with Serbia. Southern Europe has other problems as well. I do not want even to name all these problems so not to provoke any movements of this kind, but if you talk with the experts, you see that there are a whole lot of problems of this kind, and why provoke the situation? I think this is very harmful and dangerous. If someone wants to play along with people who for whatever reason are in a rush and say there is no time, though no time for what it is not clear, then please, go ahead, but we cannot agree to this.

LE FIGARO: I have another question, on the economy, on Russia's wish to participate in European companies, in EADS in particular, the European aerospace company. What aims is Russia pursuing in this respect? What can you say to people in Western Europe who are a bit worried about just what objectives Russia is pursuing in entering the capital of European companies?

VLADIMIR PUTIN: What is there to be afraid of if Russian companies are bringing much-needed investment into other European countries? This is something that should be welcomed, something that should be received with thanks. Our companies are operating in market conditions. They are not coming to take anything away from anyone; they are investing, creating jobs, contributing to economic development. You mentioned EADS. We know that EADS faces a number of problems, and if we had reached an agreement on a Russian investor coming in, it would have perhaps been possible to preserve jobs at Airbus. It would have perhaps been possible to avoid laying off hundreds of people. I am just citing this case by way of example. What is there to fear? I do not see any danger. I see only the possibility to unite our potential, all the more so as we do have something to offer in the aviation sector. We have our own problems in this sector but we are currently in the process of developing a large holding and we do have something to offer, interesting projects and developments. We have the Be-200 fire-fighting aircraft, for example, which is unique in its class. There is no other such plane in the world. We saw how southern Europe's forests have been so badly affected by fires over these last years. Why not use this plane?

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I realise that Russian manufacturers would establish their hold on certain segments of the market, but I have no doubt that the sector in Europe in general would only benefit from this process.

Let's be frank too, competition is tough. The global market is monopolised by two or three players - U.S. and European - competing fiercely against each other. But if the Europeans do not want us to work with them, we will look for partners elsewhere. In some areas of the aircraft manufacturing market we will always work together with someone or other. Boeing already has a bureau in Moscow that carried out a huge amount of work on the development of Boeing's latest aircraft. There are things we could work on together, and as I said, this work could be productive and could help to make us all more competitive.

As for other investment, in the energy sector, for example, if Gazprom or any other of our energy companies gain a stake in the gas distribution networks, it will be very much in their interests to ensure that these networks are filled with gas, and what could be bad about that? Everyone would stand to benefit.

We have agreed with our German partners to build the North-European Gas Pipeline. People see this, for some reason, as bypassing other countries, but it is not at all about bypassing any other country, rather, it is simply about establishing an additional route to transport energy resources to Europe. We are not shutting off or cutting back anything, we are simply building an additional transport route. The two sides have stakes of 49 and 51 percent in this pipeline. Germany is allowing us to enter the networks on its territory, and we are allowing them to take part in production activity on our territory. This means that German consumers can be confident about future production and supply volumes and about the quality of the work carried out. This raises the level of energy security in Europe and reassures market participants that everything will work with reliable precision, like a watch.

Yes, we are interested in cooperation in the high-technology sectors. The old COCOM lists were formally abolished but many restrictions remain in place today and we think this is an obstacle to global economic development, a harmful obstacle that does not at all reflect the current state of international relations. These restrictions are a relic of the past and they should be lifted. Our businesspeople acquired a 25 or 30-percent stake in a major Austrian construction company, say, and are now bringing this company onto our construction market. They have the possibility of carrying out joint work for a total of $25 billion over the next 14 years in just one place in Russia alone, and what could possibly be bad in this for the company in question? It has guaranteed itself work for the next 14 years and will build a new residential district in Yekaterinburg.

CORRIERE DELLA SERA: Can the same be said about Aeroflot?

VLADIMIR PUTIN: If Aeroflot, as a commercial company, reaches an agreement on cooperation with Al Italia, and Al Italia considers this expedient and profitable, we will welcome it. We intend to help Aeroflot improve its position in Russia, but the company will operate as an equal player on the market and we will not give it any special preference. If our partners in Italy think it would make economic sense for them to unite forces with Aeroflot on markets, passenger and freight transport, ticket distribution and other services, we would only welcome this.

WALL STREET JOURNAL: Don't you think that there is discrimination against Russian companies in the West? Do you think they are not being welcomed for political reasons?

VLADIMIR PUTIN: Your colleague mentioned fears and concerns, though I do not understand what basis they could have. I think that it is simply that this is a new situation and people are not used to it yet. Everyone is used to seeing Russia receive humanitarian aid and here it is suddenly investing or ready to invest billions of dollars. I think that public opinion is still getting used to this idea, but this is the reality today and this process is only going to gather momentum.

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In cooperating with Russia, there is no threat, not even in the long term, of a flood of cheap consumer goods coming in, as it does from some Asian countries.

WALL STREET JOURNAL: I think people are more afraid of political influence or of economic levers being used.

VLADIMIR PUTIN: This is laughable and it simply arises from ignorance of what is actually happening in today's world. When I was in Bulgaria, President Prvanov said to me, "Your company, Lukoil, has invested $300 million here and has bought a network of service stations here'. I only learnt of this from him. I do not know what Lukoil is doing in Bulgaria. CONOCO-Philips already has a 10-percent stake in Lukoil. This is a company with international participation now. If we take Gazprom, which everyone seems to be so afraid of, Germany's Ruhrgas has a stake of more than 10 percent in the company today and has a representative on the board of directors. Many of our other companies have also opened up to foreign participation.

One of your colleagues or even you yourself said that we are developing state capitalism, but this is not the case. Yes, we are pursuing policies of consolidation and mobilisation in some areas, in shipbuilding and aircraft manufacturing, for example, areas where we have decided to establish state corporations, but take a look at what other countries are doing. Look at what South Korea did in the shipbuilding sector in the mid-1960s, for example. Look at their decisions and the preferences for their companies they wrote into law and everything will be clear. Some things have already been tried and tested in the world. The same is true in aircraft manufacturing. Unfortunately, without state support, aircraft manufacturing in Russia, especially civilian aircraft manufacturing, finds itself in a very difficult situation.

We are not increasing the amount of state-owned assets by creating these corporations, and I want to stress this point. We are simply gathering existing state-owned assets under one legal roof in order to have them operate more effectively. We have not taken anything away from anyone. We have simply created a shipbuilding company out of existing state assets and we are doing the same in the aircraft manufacturing sector. We are streamlining these sectors, moving out of ineffective projects, and we do not exclude the possibility that, once these companies are working efficiently, part of the shares currently owned by the state could eventually be put on the market. That is the general development line we are following.

As for the energy sector, unlike the OPEC countries, we have completely privatised our oil sector and we now have only two companies with state participation. Gazprom already has 49 percent of its shares on the market, and, according to our calculations, more than 20 percent are now in foreign hands. Ruhrgas formally has a stake of 10 percent, and the experts say that more than 10 percent are in foreign hands on the market. The other company, Rosneft has carried out an IPO, as you know, and has sold part of its shares.

The other companies are all private companies and many of them have foreign participation. BP, which your colleague from The Times asked about, is increasing its reserves mostly through its Russian activities, and the Russian government accepts this and is increasing BP's reserves every year, which also raises their capitalisation, even if the company does not develop these deposits. In this sense, Russia has long since become part of the world economy. It makes no sense at all for one part of the global economy to discriminate against another and be afraid of opening up to it. This whole process is already underway and I think that with time, and if we reach the right arrangements and present things in an objective light, no problems should arise. At the corporate level of course, fears of competition and so on can arise, but it is people who are afraid of fair and open competition who are provoking these fears in Western society.

WALL STREET JOURNAL: Coming back to BP, when TNK-BP was created, the Russian shareholders were asked how control would be exercised in a situation where the stakes were 50-50. Now Russia is retaining a 51-stake in its major companies, and this means that the state retains control.

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From the point of view of Russia's strategic interests, do you think that TNK-BP, which is now the country's third biggest company in terms of production, can continue to operate on this 50-50 basis, or would it be better to have control...?

VLADIMIR PUTIN: This is not a question for me. I am not a shareholder in either BP or TNK. This is a question for the shareholders. Neither in my personal capacity nor as a state official can I speak on behalf of the shareholders in BP and TNK. I said right at the outset, when they decided to operate on a 50-50 basis, that I recall from my work in St Petersburg that this is not always effective, but they said they would be able to agree. I told them that this was their affair. So far, it seems, they have managed to agree, and as far as I know they do not have any problems.

WALL STREET JOURNAL: So the state is not of the opinion that it would be better to have a 51-percent stake in such companies?

VLADIMIR PUTIN: Let foreigners buy all 100 percent if they want.

KOMMERSANT: Vladimir Vladimirovich, you said that today is a day of memory for Boris Yeltsin. We all recall what he said to you: 'Take care of Russia'. At that moment, those words were especially pertinent and it was case perhaps not even so much of taking care of Russia as of saving Russia. You will, in your turn, also have to say some words to whoever will take over from you. Have you thought about what you will say when that moment comes?

VLADIMIR PUTIN: No, I haven't.

KOMMERSANT: Isn't it time to start thinking?

VLADIMIR PUTIN: No, it's early yet. Don't be in such a hurry. I'm still working on a dessert and you're already... (laughter).

KOMMERSANT: Another question then: a lot of people say, "I'm Putin's man", people who have been working with you for a long time now, for many years.

VLADIMIR PUTIN: Who exactly?

KOMMERSANT: Alexei Gromov, for example.

ALEXEI GROMOV: Thank you, but I have never said that.

KOMMERSANT: Vladislav Surkov and Igor Sechin, for example. I could list all your aides and the deputy heads of the Presidential Executive Office. Have you thought about what will become of all these people after 2008? Will they depart with you, or will they stay in place? This is a problem for a large number of people.

VLADIMIR PUTIN: I do not think this is a problem for decent and honest people. If someone has served the state honestly, there is no problem, only the problem of finding new work, and that, of course, is an important issue for any person. But for honest and decent citizens who have worked honestly for the good of their country, there cannot and should not be any political problems.

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THE TIMES: I would like to ask you a personal question about your wife and your family. The spouses of prime ministers and presidents are always the focus for a lot of attention. Has your wife enjoyed being the wife of a president, or is she waiting impatiently for your term in office to end?

VLADIMIR PUTIN: She is impatient for it to end. In general, this situation places a certain burden on our family, of course. My work itself serves as compensation to a certain degree for this situation, but my family has no such compensation and there are a lot of restrictions. My wife never expected that I would become president and has no regret about my term of office coming to an end. My children are studying and, fortunately, everything is fine with them. Overall, there are no problems and I hope that none will arise.

My wife is busy with her favourite work - she is a philologist by education and has found her place in that area, so everything is fine in this respect.

DER SPIEGEL: When Gerhard Schroeder became...

VLADIMIR PUTIN: You really like Schroeder that much?

DER SPIEGEL: He seems to be impressed by you, too. He said that it would be good for Germany if the constitution allowed the chancellor to serve only two consecutive terms in office, but later he changed his views. Do you agree with him that a president or state leader should serve only two consecutive terms?

VLADIMIR PUTIN: As we know, different countries reach different decisions at various stages of their development. The United States, for example, used to have no limit on the number of terms in office, while France now has no limits on the number of consecutive terms. A president there can be elected to office as many times as the voters are willing to give him their support. But I think that some kind of limits are necessary.

In parliamentary republics, as we know, it is not a specific individual but a party that wins elections and comes to power and then chooses from within its ranks the person who will head the government. Presidential republics follow a different system.

I think that it is best to have some kind of restrictions on the term in office. The four-year term in Russia was perhaps borrowed from the U.S. model, and it was not of such great importance at the time the new Constitution was adopted. Sergei Mironov, the speaker of the upper house of parliament, said on one occasion that it would make more sense to have a term of five or even seven years in Russia. I do not want to say what would be the best length, five or maybe seven years, but I think that four years is, of course, not very long.

Before I became President I was prime minister and was already aware of the events taking place in the country and was involved in the decision-making process, but if, say, a regional governor was elected president, he would need a year or two just to become familiar with all the federal and international issues, and then it would already be time to start a new election campaign. I think that for Russia today, a term of five, six or seven years in office would be entirely acceptable, but the number of consecutive terms should be limited.

GLOBE AND MAIL: Do you think that Russia is currently in a transition period in terms of nationalising some sectors of the economy, and is this just a temporary measure on the road to economic development? Can this period be called a transition period in economic and political terms? What is Russia's ultimate goal in the coming five years? Of course, you could say that a similar situation exists in other countries, but would you say that the current situation in Russia is not ideal in terms of political and media freedom? Is this period a transition to something else, to something

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that will see Russia become a genuine liberal democracy with a fully private economy, like other European countries?

VLADIMIR PUTIN: Even in vital economic sectors such as the energy sector, private capital has a greater presence here than in some other countries that are indisputably seen as market economies. Mexico, for example, is considered a country with a market economy, but the state has a complete monopoly on the oil sector there. In Russia, the oil sector is almost entirely in private hands and foreign capital has a large presence in the sector. I already said to your colleague from the Wall Street Journal that in cases where we are establishing large state corporations, such as in the shipbuilding and aircraft manufacturing sectors, we are not nationalising previously privatised enterprises but are simply bringing scattered state-owned assets under one roof, uniting them as a single corporation. As for the unfortunate and notorious Yukos case, this company's assets are being sold off in order to settle debts, including debts to foreign shareholders. Some of these assets have been acquired by partially state-owned companies, and some by private companies.

We have no intention of trying to increase the number of state assets from beyond their present size. As I already said, in the case of the aircraft manufacturing and shipbuilding sectors, we are streamlining state assets and making them more viable, efficient and competitive, and we do not rule out the sale of stakes in these corporations in the future, IPO operations, but these future plans will then involve viable and competitive companies of European level and significance. We do not want to lose these sectors; we want to develop them and we want to do so with the help of private capital too.

As you know, we have set up a number of different funds - the venture capital fund and the development fund. We are allocating considerable resources through these funds to develop joint work with private business through public-private partnerships. We already have a whole number of major projects, above all infrastructure projects, ready for implementation. For the first time, we are not just talking about ambitious infrastructure projects but are actually carrying them out - projects to build airports, roads and bridges with the help of private capital, and we will do the same in the high-technology sector.

We are committed to developing the market and to developing liberal market values.

But at the same time, we want to maintain and develop our industry. We know that there have been cases in some European countries where competitors have bought up companies, even quite thriving businesses, and have then closed them down in order to rid themselves of extra competition. But this could be done, perhaps, within one state, because there was something to rely on for support. But if we lose several industries, we will not have anything to rely on for support.

We have to take all of this into account, but as I said, we are committed to developing a liberal economy.

CORRIERE DELLA SERA: Mr President, I have a somewhat provocative question.

Anyone who knows Russia knows that President Putin is popular and that there is strong consensus in his regard. And anyone who watches Russian television sees that there is no criticism of President Putin and of the Russian authorities in general. Is there not a contradiction in that greater freedom of expression, including freedom to criticise, especially on television, could have a positive impact on Russian society and at the same time, given your genuine popularity, would not do you any harm at all?

VLADIMIR PUTIN: First of all, I doubt that you have information on everything the Russian electronic media are saying. The cable network here is growing very fast. I think that 19,000 electronic media outlets have been created here over these last years, including television and radio stations: 17,000-19,000 electronic media outlets and 40,000

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new print media publications. As I have said in the past, even if we wanted to control all of these media outlets it would be impossible, and people say in them what they think and what they want to say.

I have already spoken about what we have accomplished over these last years. You have no doubt noticed the major social projects we are currently implementing. This includes our programmes to fight poverty, improve the demographic situation, raise the standards of healthcare, build new housing and develop agriculture, one of the most vulnerable sectors of our economy. The positive media coverage you mention and the public response to the President's work is, it would seem, a result of the work the authorities are doing to resolve specific problems. Obviously, we also make mistakes, could be more effective in some areas and still there are a lot of problems to address, problems we have not yet managed to resolve, the fight against corruption, for example. These are painful issues that worry everyone. But we are not alone in this respect. I will not list all the different cases, but we are aware of events elsewhere, the arrest of the mayors of almost all the towns in southern Spain, for example. These are not our problems and we do not want to point the finger at anyone. We have made miscalculations of our own, in the case of introducing substituting monetary payments for social benefits, for example. Look back at media coverage over that period and you will see immediately whether or not there was criticism of the authorities. Not a day went by and not a programme was shown without criticism, it seems. If we make a mistake, criticism is swift to follow. But if we are actually resolving problems, there is perhaps correspondingly less criticism. Probably there could be more criticism. Now digital technology is developing fast and there will soon be so many different ways and channels of getting information to the public that it will be impossible to enforce any kind of control.

This idea that the media here is under control is largely a myth. But there are three television channels considered to be state channels. In reality the situation is a little different. Formally, there is just one state channel, Rossia. The state also has a stake in a second channel, Channel One. NTV is a corporate channel, owned by Gazprom and Gazprom, as you know, is a joint-stock company with a large number of foreign shareholders. Looking at France, for example, I do not know now exactly which television channel Bouygues owns, but the state has a controlling stake in Bouygues, and it does not seem to matter. There is nothing unique in Russia's situation.

NIKKEI: My question might seem a bit odd, but it is pertinent to the market economy you spoke about. You might be surprised to hear that the headlines of most Japanese newspapers yesterday were about Russia, about Russia's decision to stop exporting crabs. This has taken the Japanese by surprise. They can't make sushi without crab meat and they absolutely need Russian crab meat in order to make sushi. Does Russia really plan to stop exporting crabs?

Also, a second question of great concern for Mr Abe, who plans to visit Russia: Will you invite Mr Abe to come and see you?

VLADIMIR PUTIN: Yes, it will be our pleasure to invite Mr Abe to Russia and we will be very happy to see him. The more often Japanese state officials and businesspeople visit Russia the better. You know that leading Japanese carmakers have decided to invest in Russia. Toyota has already begun building a plant here and work is going ahead rapidly. Nissan has also begun building a plant and work is moving along very efficiently indeed. Several other companies have begun investing of late and we are very happy to see this.

Investment is on the rise in general. Last year it rose by 13 percent, I think, and it has already increased by more than 20 percent over the first four months of this year. In absolute figures investment totalled $26 billion last year, and this year it will clearly come to more than $30 billion.

Concerning crab meat, we will not stop exporting this product, of course, but we do want to put an end to smuggling and we hope that our Japanese colleagues will help us. It is to my great regret that we have so far not seen such help and the amount of crab meat and other seafood and fish products unloaded in Japanese ports far surpasses the volumes reflected in our customs documents. Of course, Russia itself has to take a lot of the blame for this situation,

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and we need to put this sector in order here at home and ensure that everything goes through the proper customs formalities and that cargoes are not simply transferred from one vessel to another outside Russia's customs area and economic zone. But we need honest cooperation and a real partnership in this area. I hope that the Japanese Prime Minister and I will be able to discuss this problem and find acceptable solutions. If we fail to take action in this area, we will end up facing the same situation as what has already happened in parts of the world's oceans where the Japanese traditionally pursued fishing activities, and today there are no longer any resources to be fished. Some traditional fishing grounds will never recover. We need to remember the mistakes of the past and not repeat them in the present and the future. Our cooperation is very important in this respect.

I also like sushi very much, but I prefer tuna.

WALL STREET JOURNAL: Continuing on from my colleague's question: given the level of public support for the authorities, one cannot but be surprised by the harsh reaction of the authorities to the opposition forces that take part in the 'marches of the dissenters' (and you said yourself that these opposition forces are only a marginal element in society). This reaction seems only to encourage sympathy for these opposition groups. Why do the authorities take such a hard line?

VLADIMIR PUTIN: Look at how the police in European countries behave: truncheons, tear gas, electric shock devices (in Germany 70 people have died as a result of these devices being used), rubber bullets. We have a proverb in Russian; you speak Russian and would understand it: 'don't blame the mirror if your face is crooked'.

Everyone should understand that we need to live in compliance with the law. The local authorities are responsible for deciding where people can hold meetings, demonstrations and such like. People most certainly have the right to express their opinion, and it is the state's duty to ensure that everyone has the right to express their opinions, regardless of whether or not they agree with state policy or with the local authorities. People generally organise demonstrations in order to express their disagreement, and this right should certainly be protected. But their exercise of this right should not create obstacles for other citizens and should not disrupt transport, stop people from being able to get to work on time and create situations that endanger the health or safety of others. When people deliberately provoke the law enforcement agencies and deliberately go to places where they are obviously going to cause disruption to normal city life, the authorities have to respond and enforce order. Thankfully, we have never had to use the extreme methods that are used in some Western European countries. As I said, everyone in Russia who wants to demonstrate has the right to do so, but must do so in the places designated for this purpose by the local authorities. Demonstrators can demonstrate from morning till evening if they wish, vocally or silently, with signs, however they please. And of course the media should also be present and I think that there should be coverage of such events so that people can see what is happening and express their views, express their agreement or disagreement with whichever group of people and their slogans and so on. Overall, this is positive for the country, for the local and regional authorities, but as I said, everything needs to be done with respect for the law.

DER SPIEGEL: You will see a huge number of police in Heiligendamm next week. Will you remind Ms Merkel that she spoke about the freedom to demonstrate just recently?

VLADIMIR PUTIN: The matter was not one of freedom to demonstrate. When Angela [Merkel] and I spoke about the events in Hamburg, for example, the issue there was that they did not just decide to demonstrate for no reason, but they came out onto the streets in response to preventive arrests and searches carried out by the police. It was these preventive arrests and searches that provoked the decision to demonstrate. That was the point I made on that occasion. The participants in the press conference preferred to pass over that matter in silence, and as the host of the event, I considered it wrong to emphasise this point and let it be passed over without further comments. But the point I made was precisely about the preventive nature of the action taken.

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As for the matter of ensuring security at major international events such as the G8 summit when a country plays host to so many people, and not just state officials from other countries but also journalists and specialists, all the thousands of people who take part in such events, the country in question has a duty to ensure their security. At the same time, it must also guarantee the rights of those who wish to express their views on the event and criticise it. Let them gather where the press can see them, let them have television coverage, so that millions of people can be informed about their point of view too. But they are not happy with this - they are looking for a fight, and if they want to fight, I am sure they will get it.

KOMMERSANT: Vladimir Vladimirovich, President of Kazakhstan Nursultan Nazarbayev has long since said that a Eurasian Union should be created in place of the former Soviet Union. It seems to me that you also support this idea. In this respect, I would like to ask if it would be possible to give this idea form before your presidential term expires? What role could the new pipelines, including the Central Asian pipeline, play in this project?

VLADIMIR PUTIN: I do not think that we should try to make serious and important events in international affairs and in the post-Soviet area coincide with particular dates. It used to be the fashion in the Soviet Union to make events coincide with the November 7 or May 1 holidays, and when we are told that a decision on Kosovo should also be made to fit in with some specific timeframe or other, this is also the Soviet style of doing things. We should not try to fit events into rigid timeframes but should let life take its natural development course. There is a great need for integration in the post-Soviet area. It would benefit not only everyone living in the post-Soviet area but also our main partners in Europe and around the world because potential benefits for our partners depend directly on how effectively we are able to cooperate with each other and how balanced this cooperation is.

You mentioned our latest agreements in Central Asia on oil and gas production, including the agreement to build an additional gas pipeline through Turkmenistan into Kazakhstan and onwards to Russia. I am surprised by the reactions of our American colleagues who suggest that Europe or America has lost out and that this is somehow a great mistake. This is all nonsense. This is a traditional transport route from Central Asia and from Russia to our traditional main consumers. We have said loud and clear to the whole world that we are increasing production, building new transport capacity and that we will guarantee increased supplies. This is reason to celebrate. What can be bad here? But these transport projects are far from the only factor that will contribute to integration.

We had and still have today a unified railway system. There is a unified transport infrastructure operating throughout the post-Soviet area. We have also developed close relations in regional cooperation.

You mentioned the President of Kazakhstan. Seventy percent of trade and economic cooperation between Russia and Kazakhstan takes place at regional level, and the same is true of our relations with almost all the CIS countries. In other words, our economic ties have achieved such a level of inter-penetration since the Soviet years that it is hard to even measure the full extent of these ties at first glance.

Sometimes I find it simply laughable when I hear absolutely unprofessional statements from some of our partners in Europe or the United States about what is happening here and what we should do, say, to resolve energy issues. They can all read and they should at least take a look through some of the documents available first.

Economic integration in the post-Soviet area is also immensely important in terms of ensuring the region's stability. The entire world has an interest in stable development in this part of Eurasia, but this can only go ahead as a natural process, on the basis of mutual interests and being able to work within this process, taking each other's interests into account. We find mutual interests with many of our partners and the integration process is moving ahead even in cases where it has not been formulated in law. I am sure that this process will continue.

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THE TIMES: Would you be willing to accept Ukraine becoming a member of the European Union? How would you view this?

VLADIMIR PUTIN: I would view it positively. We generally support making the European Union stronger. If you have noticed, we have never said anything negative about this process. But I am not sure how ready the European Union itself is to take in new members, including Ukraine. That is not our affair, however. As I see it, the EU is not ready at this point. If there is to be further enlargement, the countries of southern Europe, mostly some of the Balkan countries who have not yet joined, would be first on the list of new members. Ukraine is a country of 45 million people and, as we can see, it has big economic and political problems. But if the time comes when Ukraine is able to join the EU, we would not have anything against the idea.

I am always surprised by provocative discussions regarding the integration processes underway in the post-Soviet area. We talk, for example, about creating a unified economic space encompassing Russia, Ukraine, Belarus and Kazakhstan, and people start to as whether Ukraine is binding its future development to Europe or to Russia. But have these people stopped to think about the fact that Russia and the EU have agreements on creating four common spaces in the economy, security and the humanitarian sphere? And if Russia and Europe establish this common framework and Russia at the same time creates a common framework with Ukraine, Belarus and Kazakhstan, would this not lead to harmonisation throughout the Eurasian area? And then if at some point in its development Ukraine decided that now it has established various preferences and special relations, and it will become a candidate for EU membership and even join the EU, this whole process would surely only facilitate this process and help improve Ukraine's chances.

I cannot understand the logic behind the kind of discussion I just mentioned. It seems to me that these are just flashy political slogans, provocative slogans that show an unwillingness to take a close look at the substance of what is happening. The integration projects we are pursuing in the post-Soviet area create no obstacles for anyone, set no restrictions and are not creating any barriers for countries' own development.

The main idea behind the project to create a unified economic space of four countries that I mentioned is to set up a common tariffs body, no more than that. What is interesting is that it is mostly Russia that is being asked to apply these common tariffs. Why was President of Kazakhstan Nursultan Nazarbayev this project's initiator? Because Kazakhstan wants Russia to apply common tariffs in the energy and transport sectors. This was their initiative, but we are willing to go along with it in the common interest.

But now everything has been made to look as if it is Russia that initiated this project and as if it is above all in our own interest. No one is being forced into anything. In the EU, as far as I know, 85 percent of all legal acts passed by national parliaments repeat what was passed by the European parliament. In other words, the level of national independence in the EU is decreasing all the time and sovereignty is gradually disappearing. We in the post-Soviet area have decided to agree on common energy and transport tariffs and this has sparked a storm of emotion, debate and political gossip and provocation. And yet this is clearly not in the interests of Europe itself. Why is this happening? I do not understand this. But I think that, as in the case of Russian investment, time will pass and everything will settle down and this political agitation will give way to pragmatism and trust.

CORRIERE DELLA SERA: What about NATO?

VLADIMIR PUTIN: We think NATO expansion is different because NATO is a military-political bloc and this expansion creates friction in relations with Russia. We see no need for Ukraine to join NATO because no one has any plans to attack it, and we think that the argument that NATO expansion can make the fight against terrorism more effective is just empty talk that has nothing to do with common sense. NATO in itself does not help the fight against terrorism; multilateral cooperation helps us to combat terrorism. Today we face threats and challenges such

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as terrorism, human trafficking and drugs trafficking, organised crime and nuclear proliferation, and what help can bloc politics be here?

And there is more to add. We have spoken about what is actually happening in international affairs, the reasons for increased tension and so on. This happens because our partners are taking a more aggressive line in some areas now. You cite the case of NATO and Ukraine. But the public opinion surveys show that 60-70 percent, perhaps even 80 percent of people are against Ukraine joining NATO. Even so, the U.S. Congress votes to finance Ukraine's accession to NATO. But have they asked the Ukrainian people what they want? Why are they not taking the Ukrainian public's views into account?

GLOBE AND MAIL: If NATO had advantages in terms of missile defence, it could perhaps be of use? The U.S. is taking unilateral action, but if NATO were to get involved instead it would not look like an imperialist step. Everything might look different if NATO or Russia were to become involved in these missile defence plans.

VLADIMIR PUTIN: If NATO were involved this would not fundamentally change anything because we know how decisions are made in NATO. They were made in the same way in the Warsaw Pact. There was a joke in East Germany: How can you tell which of the telephones on Honecker's desk is the direct line to Moscow? Do you know this joke?

DER SPIEGEL: No.

VLADIMIR PUTIN: The answer is: it's the one with only a receiver and no mouthpiece. (Laughter).

The same goes for NATO, except that the telephone line goes not to Moscow in this case but to Washington, and so it would make no difference to us if NATO were heading this project.

As for the question of other countries participating, yes, we are not against this idea, but no one has asked us. We often hear talk of European solidarity and so on, but what solidarity are we talking about? Two countries - Poland and the Czech Republic - have decided to allow missile defence systems to be deployed on their territories. We are told that this is needed for Europe's defence. But has anyone asked Europe? Was this really a common European decision? The decision could have at least been taken through NATO, if only for cover. But no one was asked. I am sure that had Europe been asked it would have given its agreement, but the U.S. did not even bother to consult with its allies in this case.

As for Russia, we are not against the idea of reflecting on this project. Indeed, strange though it may sound, we proposed this right from the start. We suggested working together right from the start but we got an immediate refusal. Later, seeing the opposition in Europe and around the world to their plans, our colleagues and partners said that actually they did want to talk to us. But do you know what their cooperation proposals amount to? They want us to provide our missiles as targets they can use in training. What clever fellows to have come up with such an idea! Some of my American colleagues, friends, people with a lot of experience in politics and international affairs, reacted the same way as you and laughed. I am referring to important U.S. political figures.

But we have not heard any real proposals of substance, any proposals on far-reaching cooperation, and we know that no such proposals will be made because this system is being created as part of the United States' nuclear forces. Of course, it would be strange if they were to suddenly let Russia into their holy of holies. There is not anything to talk about. This is a serious affair. But if we saw that efforts are being made to take our views into account, to think about our security too, to preserve some kind of balance, and if we saw that this system does not threaten us and does not undermine our own potential, then of course we would be willing to work together. I think,

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however, that is not very likely. As I say, this would involve giving us access to the holy of holies of the strategic nuclear forces, and that is obviously a serious decision.

Thank you for your attention, and until we meet again.

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