

A photograph of Vladimir Putin, the Russian President, speaking at a podium. He is wearing a dark blue suit, a white shirt, and a patterned tie. The background is a blurred blue stage setting. The text 'Deceiving West and 'detached' elites' is overlaid in white on the top half of the image.

Deceiving West and 'detached' elites

Vladimir Putin portrays Russia as the victim, saying that western sanctions had 'replaced the pandemic' as a threat to the world order

As per tradition, the programme of the Eastern Economic Forum includes discussions on the projects and initiatives that are extremely important for the development of the regions in Russia's Far East and for strengthening Russia's cooperation and production ties with Asia Pacific countries, both our old, traditional partners and countries that are only developing dialogue with Russia in a broad range of areas and business projects.

Of course, this meeting in Vladivostok is a good opportunity to once again review the situation in the global economy and to exchange views on its main trends and risks.

Last year, the Eastern Economic Forum was held after a long pause caused by the coronavirus pandemic. At that time, the majority of experts agreed that global business activity was beginning to recover and that it would normalise soon after the lifting of the coronavirus restrictions.

However, the pandemic has given way to new challenges, global ones that are threatening the world as a whole. I am referring to the Western sanctions frenzy and the open and aggressive attempts to force the Western mode of behaviour on other countries, to extinguish their sovereignty and to bend them to its will. In fact, there is nothing unusual in that: this policy has been pursued by the 'collective West' for decades.

The waning dominance of the United States in the global economy and politics, as well as the stubborn unwillingness or even inability of the Western elites to see, let alone recognise objective facts, acted as a catalyst for these processes.

I have already mentioned that the entire system of international relations has recently undergone irreversible, or should I say, tectonic, shifts.

Emerging states and regions around the world, primarily, of course, in the Asia-Pacific region, now play a substantially bigger role. Asia-Pacific countries emerged as new centres of economic and technological growth, attracting human resources, capital and manufacturing.

Despite all that, the Western countries are seeking to preserve yesterday's world order that benefits them and force everyone to live according to the infamous 'rules', which they concocted themselves. They are also the ones who regularly violate these rules, changing them to suit their agenda depending on how things are going at any given moment.

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At the same time, other countries have not been forthcoming when it comes to subjecting themselves to this dictate and arbitrary rule, forcing the Western elites, to put it bluntly, to lose grip and take short-sighted, irrational decisions on global security, politics, as well as economics.

All these decisions run counter to the interests of countries and their people, including, by the way, the people in those Western countries. The gap separating the Western elites from their own citizens is widening.

Europe is about to throw its achievements in building up its manufacturing capability, the quality of life of its people and socioeconomic stability into the sanctions furnace, depleting its potential, as directed by Washington for the sake of the infamous Euro-Atlantic unity. In fact, this amounts to sacrifices in the name of preserving the dominance of the United States in global affairs.

Back in spring, many foreign corporations rushed to announce their withdrawal from Russia, believing that our country will suffer more than others. Today, we see one manufacturing site after another shutting down in Europe itself. One of the key reasons, of course, lies in the severed business ties with Russia.

The competitive ability of European companies is in decline, for the EU officials themselves are essentially cutting them off from affordable commodities and energy, as well as trade markets.

It will come as no surprise if eventually the niches currently occupied by European businesses, both on the continent and on the global market in general, will be taken over by their American patrons who know no boundaries or hesitation when it comes to pursuing their interests and achieving their goals.

More than that, in an attempt to obstruct the course of history, Western countries have undermined the pillars of the global economic system, built over centuries. It is in front of our eyes that the dollar, euro and pound sterling have lost trust as currencies suitable for performing transactions, storing reserves and denominating assets.

We are taking steps to shed this dependence on unreliable and compromised foreign currencies. By the way, even allies of the United States are gradually reducing their dollar assets, as we can see from statistics. Step by step, the volume of transactions and savings in dollars is diminishing.

I want to note here that Gazprom and its Chinese partners decided to switch to 50/50 transactions in rubles and yuan with respect to gas payments. I want to add that with their short-sighted actions, Western officials have triggered a global inflation. In many developed economies, the inflation rate has reached a record-high level that had not been seen in many years.

Everybody is aware of this, but I will reiterate: as of late July, inflation in the United States reached 8.5 percent. Russia has just over 14 percent (I will speak about this further) but it is declining, unlike in Western economies. The inflation there is on the rise, and in our country it is declining.

I believe that as of the end of the year, we will have around 12 percent and, as many of our experts think, in the first quarter or by the second quarter of 2023, we will most likely reach the target inflation rate. Some say it will be 5–6 percent. Others say it will go down to 4 percent. We will see. In any case, the trend is positive.

Meanwhile, what is happening with our neighbours? The inflation in Germany has reached 7.9 percent, in Belgium 9.9 percent, in the Netherlands 12 percent, Latvia 20.8 percent, Lithuania 21.1 percent and Estonia 25.2 percent. And it is still on the rise.

Rising prices in the global markets can be a real tragedy for most of the poorest countries, which are facing shortages of food, energy, and other vital goods. I will cite a few figures that underline the danger: while in 2019, according to the UN, 135 million people in the world were facing acute food insecurity, their number has soared by 2.5 times to 345 million by now – this is just horrible.

Moreover, the poorest states have completely lost access to the most essential foods as developed countries are buying up the entire supply, causing a sharp increase in prices.

Let me give you an example. Most of the ships – you all know very well how high passions have been running, how much has been said about the need to facilitate the export of Ukrainian grain at all costs, to support the poorest countries. And we certainly had no other choice but to respond, despite all the complicated developments taking place around Ukraine.

We did everything to ensure that Ukrainian grain was exported, and we certainly assumed – I met with the leaders of the African Union, with the leaders of African states and I promised them that we would make every effort to uphold their interests and would facilitate the export of Ukrainian grain.

Russia did it together with Turkey. We did it. And I would like to report the result to you, colleagues: if we exclude Turkey as an intermediary, all the grain exported from Ukraine, almost in its entirety, went to the European Union, not to the developing and poorest countries.

Only two ships delivered grain under the UN World Food Programme – the very programme that is supposed to help countries that need help the most – only two ships out of 87 – I emphasise – transported 60,000 tonnes out of 2 million tonnes of food. That's just 3 percent, and it went to the developing countries.

What I am saying is, many European countries today continue to act as colonisers, exactly as they have been doing in previous decades and centuries. Developing countries have simply been cheated yet again and continue to be cheated.

It is obvious that with this approach, the scale of food problems in the world will only increase. Unfortunately, to our great regret, this could lead to an unprecedented humanitarian disaster, and perhaps, exporters need to think about limiting their exports of grain and other food to this destination.

I will certainly consult with President of Turkey, Mr Erdogan, because together with him we were the ones who developed a mechanism for the export of Ukrainian grain, primarily, I repeat, to help the poorest countries. But what happened in practice?

I would like to stress once again that this situation has been caused by the reckless steps taken by the United States, the UK and the European Union, which are obsessed with illusory political ideas. As for the wellbeing of their own citizens, let alone people outside the so-called golden billion, they have been pushing it to the backburner. This will inevitably lead Western countries into a deadlock, an economic and social crisis, and will have unpredictable consequences for the whole world.

Russia is coping well with the economic, financial and technological aggression of the West. I am talking about a real aggression; there is no other word for it.

Russia's currency and financial market has stabilised, inflation is going down, as I have already mentioned, and the unemployment rate is at an all-time historical low of less than 4 percent. The assessments and forecasts of our economic performance, including by businesspeople, are more optimistic now than in early spring.

I would like to say that our economic situation has stabilised overall, but we also see a number of problems in some sectors, regions and individual enterprises, especially those that relied on supplies from Europe or supplied their products there.

It is important to continue working with businesses to take prompt decisions and launch effective targeted support mechanisms. I would like to ask the Government Commission to Increase the Sustainability of the Russian Economy under the Sanctions to keep track of the situation. It is true that we are doing this almost on a daily basis.

Nevertheless, despite the evidence of stabilisation I have mentioned, we are also aware of the risks and so we must keep an eye on them.

Russia is a sovereign state. We will always protect our national interests while pursuing an independent policy, and we also appreciate this quality among our partners, who have demonstrated their reliability and responsible attitude in the course of our trade, investment and other types of cooperation over many years. I am referring, as you are aware, to our colleagues from the Asia Pacific countries.

An absolute majority of Asia Pacific countries reject the destructive logic of sanctions. Their business relations are focused on mutual advantage, cooperation and the joint use of our economic capabilities to the benefit of our countries' citizens.

This adds up to a huge competitive advantage of the regional countries and a guarantee of their dynamic long-term development, which has been growing faster than the world's average for a long time.

You are aware of this, but I would like to remind everyone that over the past 10 years Asian countries' GDP has been increasing by approximately 5 percent every year, while the figure is 3 percent in the world, 2 percent in the US and 1.2 percent in the EU.

But it is even more important that this trend persists. What will this ultimately lead to? As a result, the share of Asian economies in global GDP will grow from 37.1 percent in 2015 to 45 percent in 2027, and I am sure that this trend will persist.

It is important for Russia that the economy of the Russian Far East grows together with Asia Pacific economies, that this region provide modern living conditions, boost people's incomes and well-being, and that it creates high-quality jobs and cost-effective production facilities.

We have already tested unique national tax, administrative and customs privileges in the Far East. They help implement landmark projects, even by global standards, in such fields as natural gas conversion and the shipbuilding sector, bioengineering technologies and clean energy.

In the past seven years, industrial production volumes in the Far East have increased by about 25 percent. This exceeds nationwide levels by one third. I want to stress this: growth rates of industrial production in the Far East greatly exceed similar nationwide growth rates.

We will continue to promote the priority development of the Far Eastern regions by using new advanced state support measures and by creating the best and highly competitive business environment.

For example, we intend to continue adjusting the mechanism of priority development areas for modern and joint projects with other countries, to create the best possible business climate for attracting the most advanced technologies to Russia and for manufacturing high value-added goods in the Far East.

Events of this year confirm the special significance of such a factor as accessible and affordable raw materials without which it is impossible to organise any production process or to set up co-production chains.

Russia is just about the only country that is completely self-sufficient in terms of natural resources, and the Far East plays a substantial role here. This region is a highly important supplier of crude oil and natural gas, coal, metals, timber and marine biological resources to the domestic market and our foreign partners.

We are staking on the prudent and rational development of Russia's natural riches under the most stringent environmental standards. First of all, we will refine all extracted raw materials domestically as much as possible.

We will also use these raw materials to strengthen the sovereignty of this country, to ensure industrial security, to raise incomes and to develop the regions.

We have already protected the resource extraction industry from unfriendly actions. From now on, only companies with Russian jurisdiction have the right to develop natural resources in Russia.

The Ministry of Natural Resources and Environment together with the Ministry of Industry and Trade and leading business associations has determined the national economy's demand for strategic raw materials. This information will become the foundation of the revised Strategy for the Development of Russia's Mineral Resources Base with an extended planning horizon up to 2050.

At the same time, special focus should be placed on geological exploration and processing of rare raw materials (such as titanium, manganese, lithium, and niobium), which are used in metallurgy, medical and chemical industries, microelectronics, aircraft manufacturing and other industries, as well as in new energy storage and transmission technologies.

I would like to separately ask the Government to have a look at the bioresources harvesting sphere, where we have a mechanism of investment quotas. Here, it is important to achieve balanced growth and full utilisation of production capacities, as well as to ensure the harmonious development of the regions' infrastructure.

I would like to stress that the funds the state receives from the utilisation of water bioresources must above all be allocated for developing the infrastructure of rural areas, employment support, and increasing incomes of local residents. I ask the Government to take specific measures on this. We have discussed this many times.

Next, over the past years Russia has implemented big plans for the development of transport infrastructure, railways and roads, seaports and pipelines. These timely decisions have made it possible for businesses to quickly rebuild logistics in today's conditions, and redirect cargo flows to those countries that are ready and willing to trade with Russia and prefer civilised and predictable business relations.

It is noteworthy that despite the attempts of external pressure, the total cargo of Russian seaports has only slightly decreased over the seven months of this year; it has remained at the same level as a year earlier, which is about 482 million tonnes of cargo. Last year there were 483 million, so the figure is practically the same.

At the same time, Far Eastern ports are seeing a real logistics boom. The volume of cargo transshipment and container handling is such that specialists are working 24/7 to handle the workload. In a word, no matter how much

someone might like to isolate Russia, it is impossible to do it, as we have always said so. It is enough just to look at the map.

We will use natural competitive advantages to build up our further transport capabilities, expand the road and railway network, build new access roads to sea terminals and expand their capacity.

I mentioned earlier that our focus is on building the eastward infrastructure and developing the North-South international corridor and ports of the Azov-Black Sea basin which we will keep working on. They will open up more opportunities for Russian companies to enter the markets of Iran, India, the Middle East and Africa and, of course, for reciprocal deliveries from these countries.

The total volume of freight and cargo transportation along these routes and arteries will be able to grow by about 60 percent by 2030. We are absolutely realistic about our predictions, and this is how it will be.

To achieve these numbers, the Government has drafted specific 'roadmaps' in the three areas I outlined earlier, which will enable us to make this work consistent, consolidate and coordinate our efforts in terms of deadlines and capacity to break up the bottlenecks and upgrade border checkpoints and related infrastructure.

In addition to our plans to expand transport corridors, it is important to put in place new rolling stock and railway traction vehicles, to provide Russian shipyards with orders for modern high-quality tankers, dry cargo ships and container vessels, including ice-class ships, for the further expansion of the Northern Sea Route as a potent transport corridor of national and global importance with, I want to stress this, year-round navigation. The state-of-the-art icebreakers that we are designing and building make it possible for us to do this already now.

This year, a container vessel made its first run between Murmansk and Kamchatka along the Northern Sea Route to reaffirm the reliability and safety of shipping operations in the Arctic zone.

Notably, the point is not just about authorising the passage of ships in the Arctic or simply connecting two destinations. What we need to do is make sure that ships are properly serviced and cargo is properly handled at each port along the route, and the traffic schedule is sustainable, predictable and reliable. Then, every Northern Sea Route waypoint and region will benefit from the logistics corridor. That is what we should be striving for.

The Government has approved a development plan for the Northern Sea Route until 2035 with plans to allocate 1.8 trillion rubles from various sources to implement it. As forecasted, the cargo traffic along this corridor will go from the current 35 million tonnes per year to the targeted 220 million tonnes per year.

The availability of freight vehicles is certainly a key factor in the transportation of goods to and from the Russian Far East. This means we need to offer economically justified and competitive freight rates. I am asking the Government to study all these issues carefully.

Aviation is a special issue for the Far East. Here, the availability of flights from the European part of Russia to the Far East is not the only issue, but connectivity between the Far Eastern regions themselves also matters – air services should cover as many destinations, cities and regions of the Far East as possible.

That is why we have established a single Far Eastern airline. It offers almost 390 destinations, some of them subsidised by the state. In the next three years, this airline's traffic should increase, and the number of destinations will exceed 530. And as we could see after those flights were opened, these destinations are in great demand.

To implement these plans, we need to expand the company's fleet, to make sure it has modern aircraft, including small aircraft. A decision has been made in this regard, and I ask the Government to strictly implement it.

I would like to note that in general, Russian air carriers will soon be thoroughly re-equipped. Our airlines, including Aeroflot, have placed the largest order package in modern history, for about 500 Russian-made mainline aircraft.

This high demand should become a powerful incentive for aircraft factories and design bureaux, for many related industries, including electronics and aircraft components, and, of course, for the schools training professional personnel including engineers and skilled blue-collar workers in the aviation industry.

I would like to add that a decision has been made on another sensitive issue for the Far East. I am referring to the development of air medical services and increasing the availability of medical care for people living in remote areas.

Starting next year, we will more than double federal funding for these purposes, which means that the number of flights will also increase, and there will be faster and better provision of healthcare in the region.

All our decisions involving the economy and social sphere, all the mechanisms that we are implementing in the Far East have the same important purpose – to make this region a truly attractive place for living, studying, working, for starting families, to ensure that more children are born.

Several important initiatives in this regard have been included in the package of measures that the Government is now considering. One of them is to create an up-to-date environment for living, to improve the local cities and towns.

Let me remind you that at the last forum, we set a task to develop master plans for the development of the largest Far Eastern cities. These include all administrative centres of the regions, and cities with a population of over 50,000 people, as well as Tynda and Severobaikalsk, the key stations on the Baikal-Amur Mainline railway.

We had in mind an integrated approach to the development of communities, where plans for the modernisation of infrastructure, social facilities, and creation of public spaces and so on would be combined competently and conveniently, and economic and industrial projects would rely on thoroughly calculated business models.

In all cities, the initial task was to make strategic development plans. Master plans are already being actively developed on the basis of those strategic plans in 17 cities and metropolitan areas.

One of them has to do with the development of the Petropavlovsk-Kamchatsky urban area, and the day before yesterday, we discussed this issue with our colleagues on the spot. Once again, I ask the Government to provide maximum assistance in implementing this and other master plans in order to have them unconditionally implemented.

Here, among other things, it is important to use tools such as the Far Eastern concession, the government's infrastructure loans and infrastructure bonds. It is necessary to determine target limits for the Far East in these programmes. The funds should be used for urban development and improvement, and of course, for infrastructure, including the upgrade of existing networks and connections to utilities.

I would like to add that at the recent St Petersburg Economic Forum, I instructed the Government to allocate an additional 10 billion rubles annually for improvement projects in Russian cities. I think it would be right to channel

half of this financing, that is, 5 billion a year, towards upgrading Far Eastern cities and towns with populations below 250,000.

Separate resources should also be allocated under all our main infrastructure development programmes for projects to modernise Far Eastern cities. I have already given such an instruction, and I ask you to ensure its implementation as quickly as possible. Target limits should be stipulated in the federal budget for the next three years.

Something else I would like to stress – we need to increase the volume of housing construction in the Far East, while also widely applying the most advanced ‘green’ and energy-efficient construction technologies.

This year, the Far Eastern Quarters programme was launched. Under this programme, developers will be able to take advantage of priority development areas, including tax and infrastructure benefits, which will reduce the cost of flats and the price of finished housing. This will increase the availability of housing for people.

The plan is to build about 2.5 million square metres of housing by 2030 using this cost-reduction mechanism. I ask the regional authorities and the Ministry for the Development of the Russian Far East to hold the first tenders by the end of the year, to select developers and start designing and developing the residential buildings.

Next, the Far Eastern residents are entitled to special, preferential mortgage terms. As many as 48,000 families have already purchased new housing using mortgages with a rate of 2 percent. This year, we have expanded the Far Eastern mortgage programme so that doctors and teachers, regardless of their age, can apply for it along with young Far Easterners.

Let me remind you that the programme is planned until 2024. But given the demand and efficacy – and this programme is working effectively – I propose extending it until at least 2030. I hope that the Far Eastern residents will also appreciate this.

A separate decision concerns the support of young professionals who come to the Far East or graduate from local educational institutions, get a job and consider local accommodation. As many as 10,000 rental apartments will be built for them. The rental rate will be significantly below the market level due to subsidies from the regional and federal budgets.

The Government has already envisaged such a measure. I ask you to work out all the details in order to start building rental housing for young professionals without delay.

And I would like to specifically point out that the location of this housing should be included in the development master plans for Far Eastern cities, which means all the necessary infrastructure should be available – in short, such accommodation should be convenient and enjoy demand.

I would like to note that the Far Eastern regions, like many other regions of the Russian Federation, are experiencing a shortage of workers today. We will also take several important steps to intensify personnel training in key competencies.

Over 900 modern workshops will be opened in Far Eastern colleges by 2030, and in the near future, until the end of 2025, we will launch 29 production and educational clusters. In addition, businesses will receive compensation for employing young workers.

Another important area is improving the quality of higher education in the Russian Far East. The goal is to attract qualified instructors, upgrade facilities and equipment in higher education institutions, and provide grants to stimulate academic research and prospective developments in the crucial areas of the technological agenda.

There are network programmes for Far Eastern universities that connect education institutions in the region with the country's leading universities such as St Petersburg State Marine Technical University, Moscow Aviation Institute and others. We will undoubtedly support this area of cooperation.

Finally, branches of the Russian Institute of Theatre Arts (GITIS), the National State Gerasimov Institute of Cinematography (VGIK) and the Boris Shchukin Theatre Institute will open in 2025 in the Russian Far East to train cultural and art workers. I would like to ask the Government to provide all necessary assistance.

I would like to note that the Far Eastern regions offer their own professional development initiatives. For example, the Agency for Strategic Initiatives in the Sakhalin Region supports a pilot project called Earning Money Together. Participants in the project will be able to undergo free additional training, receive career guidance and get help with starting a business. Based on the outcome of these pilot projects we will think about scaling up.

I also want to mention a training programme for a new generation of managers in the Far East. The programme focuses on cultivating a local pool of talent, and on integrating study programmes and internships in public offices and development institutions. This programme is already running and I suggest that the heads of all regions in the Far Eastern Federal District get involved.

I want to conclude my remarks by stressing once again that the modern global economy and the entire system of international relations is going through challenges.

However, I believe that the logic of cooperation, aligning the potentials and mutual benefits that our countries and our friends in the region adhere to, will prevail no matter what.

By reasonably taking advantage of the competitive sides and strengths of the Asia-Pacific countries, by creating constructive partnerships we will open new colossal opportunities for our peoples. We are ready to work together for the sake of a successful future. And we are grateful to our partners for participating in this work. ■

Vladimir Putin is President of Russia

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