

Presidential Address to Federal Assembly

Vladimir Putin delivered his Address to the Federal Assembly. The ceremony took place in Gostiny Dvor, Moscow.

February 21, 2023 13:50 Moscow

President of Russia Vladimir Putin: Good afternoon,

Members of the Federation Assembly – senators, State Duma deputies,

Citizens of Russia,

This Presidential Address comes, as we all know, at a difficult, watershed period for our country. This is a time of radical, irreversible change in the entire world, of crucial historical events that will determine the future of our country and our people, a time when every one of us bears a colossal responsibility.

One year ago, to protect the people in our historical lands, to ensure the security of our country and to eliminate the threat coming from the neo-Nazi regime that had taken hold in Ukraine after the 2014 coup, it was decided to begin the special military operation. Step by step, carefully and consistently we will deal with the tasks we have at hand.

Since 2014, Donbass has been fighting for the right to live in their land and to speak their native tongue. It fought and never gave up amid the blockade, constant shelling and the Kiev regime's overt hatred. It hoped and waited that Russia would come to help.

In the meantime, as you know well, we were doing everything in our power to solve this problem by peaceful means, and patiently conducted talks on a peaceful solution to this

devastating conflict.

This appalling method of deception has been tried and tested many times before. They behaved just as shamelessly and duplicitously when destroying Yugoslavia, Iraq, Libya, and Syria. They will never be able to wash off this shame. The concepts of honour, trust, and decency are not for them.

Over the long centuries of colonialism, diktat and hegemony, they got used to being allowed everything, got used to spitting on the whole world. It turned out that they treat people living in their own countries with the same disdain, like a master. After all, they cynically deceived them too, tricked them with tall stories about the search for peace, about adherence to the UN Security Council resolutions on Donbass. Indeed, the Western elites have become a symbol of total, unprincipled lies.

We firmly defend our interests as well as our belief that in today's world there should be no division into so-called civilised countries and all the rest and that there is a need for an honest partnership that rejects any exclusivity, especially an aggressive one.

We were open and sincerely ready for a constructive dialogue with the West; we said and insisted that both Europe and the whole world needed an indivisible security system equal for all countries, and for many years we suggested that our partners discuss this idea together and work on its implementation. But in response, we received either an indistinct or hypocritical reaction, as far as words were concerned. But there were also actions: NATO's expansion to our borders, the creation of new deployment areas for missile defence in Europe and Asia – they decided to take cover from us under an 'umbrella' – deployment of military contingents, and not just near Russia's borders.

I would like to stress – in fact, this is well-known – that no other country has so many military bases abroad as the United States. There are hundreds of them – I want to emphasise this – hundreds of bases all over the world; the planet is covered with them, and one look at the map is enough to see this.

The whole world witnessed how they withdrew from fundamental agreements on weapons, including the treaty on intermediate and shorter-range missiles, unilaterally tearing up

the fundamental agreements that maintain world peace. For some reason, they did it. They do not do anything without a reason, as we know.

Finally, in December 2021, we officially submitted draft agreements on security guarantees to the USA and NATO. In essence, all key, fundamental points were rejected. After that it finally became clear that the go-ahead for the implementation of aggressive plans had been given and they were not going to stop.

The threat was growing by the day. Judging by the information we received, there was no doubt that everything would be in place by February 2022 for launching yet another bloody punitive operation in Donbass. Let me remind you that back in 2014, the Kiev regime sent its artillery, tanks and warplanes to fight in Donbass.

We all remember the aerial footage of airstrikes targeting Donetsk. Other cities also suffered from airstrikes. In 2015, they tried to mount a frontal assault against Donbass again, while keeping the blockade in place and continuing to shell and terrorise civilians. Let me remind you that all of this was completely at odds with the documents and resolutions adopted by the UN Security Council, but everyone pretended that nothing was happening.

Let me reiterate that they were the ones who started this war, while we used force and are using it to stop the war.

Those who plotted a new attack against Donetsk in the Donbass region, and against Lugansk understood that Crimea and Sevastopol would be the next target. We realised this as well. Even today, Kiev is openly discussing far-reaching plans of this kind. They exposed themselves by making public what we knew already.

We are defending human lives and our common home, while the West seeks unlimited power. It has already spent over \$150 billion on helping and arming the Kiev regime. To give you an idea, according to the Organisation for Economic Cooperation and Development, the G7 countries earmarked about \$60 billion in 2020–2021 to help the world's poorest countries. Is this clear? They spent \$150 billion on the war, while giving \$60 billion to the poorest countries, despite pretending to care about them all the time, and also conditioning this support on obedience on behalf of the beneficiary countries.

What about all this talk of fighting poverty, sustainable development and protection of the environment? Where did it all go? Has it all vanished? Meanwhile, they keep channelling more money into the war effort. They eagerly invest in sowing unrest and encouraging government coups in other countries around the world.

The recent Munich Conference turned into an endless stream of accusations against Russia. One gets the impression that this was done so that everyone would forget what the so-called West has been doing over the past decades. They were the ones who let the genie out of the bottle, plunging entire regions into chaos.

According to US experts, almost 900,000 people were killed during wars unleashed by the United States after 2001, and over 38 million became refugees. Please note, we did not invent these statistics; it is the Americans who are providing them. They are now simply trying to erase all this from the memory of humankind, and they are pretending that all this never happened. However, no one in the world has forgotten this or will ever forget it.

None of them cares about human casualties and tragedies because many trillions of dollars are at stake, of course. They can also continue to rob everyone under the guise of democracy and freedoms, to impose neoliberal and essentially totalitarian values, to brand entire countries and nations, to publicly insult their leaders, to suppress dissent in their own countries and to divert attention from corruption scandals by creating an enemy image. We continue to see all this on television, which highlights greater domestic economic, social and inter-ethnic problems, contradictions and disagreements.

I would like to recall that, in the 1930s, the West had virtually paved the way to power for the Nazis in Germany. In our time, they started turning Ukraine into an “anti-Russia.”

Actually, this project is not new. People who are knowledgeable about history at least to some extent realise that this project dates back to the 19th century. The Austro-Hungarian Empire and Poland had conceived it for one purpose, that is, to deprive Russia of these historical territories that are now called Ukraine. This is their goal. There is nothing new here; they are repeating everything.

The West expedited the implementation of this project today by supporting the 2014 coup. That was a bloody, anti-state and unconstitutional coup. They pretended that nothing

happened, and that this is how things should be. They even said how much money they had spent on it. Russophobia and extremely aggressive nationalism formed its ideological foundation.

Quite recently, a brigade of the Armed Forces of Ukraine was named Edelweiss after a Nazi division whose personnel were involved in deporting Jews, executing prisoners of war and conducting punitive operations against partisans in Yugoslavia, Italy, Czechoslovakia and Greece. We are ashamed to talk about this, but they are not. Personnel serving with the Armed Forces of Ukraine and the Ukrainian National Guard are particularly fond of chevrons formerly worn by soldiers from Das Reich, Totenkopf (Death's Head) and Galichina divisions and other SS units. Their hands are also stained with blood. Ukrainian armoured vehicles feature insignia of the Nazi German Wehrmacht.

Neo-Nazis are open about whose heirs they consider themselves to be. Surprisingly, none of the powers that be in the West are seeing it. Why? Because they – pardon my language – could not care less about it. They do not care who they are betting on in their fight against us, against Russia. In fact, anyone will do as long as they fight against us and our country. Indeed, we saw terrorists and neo-Nazis in their ranks. They would let all kinds of ghouls join their ranks, for God's sake, as long as they act on their will as a weapon against Russia.

In fact, the anti-Russia project is part of the revanchist policy towards our country to create flashpoints of instability and conflicts next to our borders. Back then, in the 1930s, and now the design remains the same and it is to direct aggression to the East, to spark a war in Europe, and to eliminate competitors by using a proxy force.

We are not at war with the people of Ukraine. I have made that clear many times. The people of Ukraine have become hostages of the Kiev regime and its Western handlers, who have in fact occupied that country in the political, military and economic sense and have been destroying Ukrainian industry for decades now as they plundered its natural resources. This led to social degradation and an immeasurable increase in poverty and inequality. Recruiting resources for military operations in these circumstances was easy. Nobody was thinking about people, who were conditioned for slaughter and eventually became expendables. It is a sad and dreadful thing to say, but it is a fact.

Responsibility for inciting and escalating the Ukraine conflict as well as the sheer number of casualties lies entirely with the Western elites and, of course, today's Kiev regime, for which the Ukrainian people are, in fact, not its own people. The current Ukrainian regime is serving not national interests, but the interests of third countries.

The West is using Ukraine as a battering ram against Russia and as a testing range. I am not going to discuss in detail the West's attempts to turn the war around, or their plans to ramp up military supplies, since everyone is well aware of that. However, there is one circumstance that everyone should be clear about: the longer the range of the Western systems that will be supplied to Ukraine, the further we will have to move the threat away from our borders. This is obvious.

The Western elite make no secret of their goal, which is, I quote, "Russia's strategic defeat." What does this mean to us? This means they plan to finish us once and for all. In other words, they plan to grow a local conflict into a global confrontation. This is how we understand it and we will respond accordingly, because this represents an existential threat to our country.

However, they too realise it is impossible to defeat Russia on the battlefield and are conducting increasingly aggressive information attacks against us targeting primarily the younger generation. They never stop lying and distorting historical facts as they attack our culture, the Russian Orthodox Church and other traditional religious organizations in our country.

Look what they are doing to their own people. It is all about the destruction of the family, of cultural and national identity, perversion and abuse of children, including pedophilia, all of which are declared normal in their life. They are forcing the priests to bless same-sex marriages. Bless their hearts, let them do as they please. Here is what I would like to say in this regard. Adult people can do as they please. We in Russia have always seen it that way and always will: no one is going to intrude into other people's private lives, and we are not going to do it, either.

But here is what I would like to tell them: look at the holy scripture and the main books of other world religions. They say it all, including that family is the union of a man and a woman, but these sacred texts are now being questioned. Reportedly, the Anglican

Church is planning, just planning, to explore the idea of a gender-neutral god. What is there to say? Father, forgive them, for they know not what they do.

Millions of people in the West realise that they are being led to a spiritual disaster. Frankly, the elite appear to have gone crazy, and it looks like there is no cure for that. But like I said, these are their problems, while we must protect our children, which we will do. We will protect our children from degradation and degeneration.

Clearly, the West will try to undermine and divide our society and to bet on the fifth columnists who, throughout history, and I want to emphasise this, have been using the same poison of contempt for their own Fatherland and the desire to make money by selling this poison to anyone who is willing to pay for it. It has always been that way.

Those who have embarked on the road of outright betrayal, committing terrorist and other crimes against the security of our society and the country's territorial integrity, will be held accountable for this under law. But we will never behave like the Kiev regime and the Western elite, which have been and still are involved in witch hunts. We will not settle scores with those who take a step aside and turn their back on their Motherland. Let this be on their conscience, let them live with this – they will have to live with it. The main point is that our people, the citizens of Russia, have given them a moral assessment.

I am proud, and I think we are all proud that our multi-ethnic nation, the absolute majority of our citizens, have taken a principled stance on the special military operation. They understand the basic idea of what we are doing and support our actions on the defence of Donbass. This support primarily revealed their true patriotism – a feeling that is historically inherent in our nation. It is stunning in its dignity and deep understanding by everyone – I will stress, everyone – of the inseparable link between one's own destiny and the destiny of the Fatherland.

My dear friends, I would like to thank everyone, all the people of Russia for their courage and resolve. I would like to thank our heroes, soldiers and officers in the Army and the Navy, the Russian Guards, the secret services staff, and all structures of authority, the fighters in Donetsk and Lugansk corps, volunteers and patriots who are now fighting in the ranks of the BARS combat army reserve.

I would like to apologise that I will not be able to mention everyone during today's speech. You know, when I was drafting this speech, I wrote a very long list of these heroic units but then removed it from my text because, as I said, it is impossible to mention everyone, and I was afraid to offend anyone I might leave out.

My deepest gratitude to the parents, wives and families of our defenders, the doctors and paramedics, combat medics and medical nurses that are saving the wounded; to the railway workers and drivers that are supplying the front; to the builders that are erecting fortifications and restoring housing, roads and civilian facilities; to the workers and engineers at defence companies, who are now working almost around-the-clock, in several shifts; and to rural workers who reliably ensure food security for the country.

I am grateful to the teachers who sincerely care for the young generations of Russia, especially those that are working in very difficult, almost front-line conditions; the cultural figures that are visiting the zone of hostilities and hospitals to support the soldiers and officers; volunteers that are helping the front and civilians; journalists, primarily war correspondents, that are risking their lives to tell the truth to the world; pastors of Russia's traditional religions and military clergy, whose wise words support and inspire people; government officials and business people – all those who fulfill their professional, civil and simply human duty.

My special words go to the residents of the Donetsk and Lugansk people's republics, and the Zaporozhye and Kherson regions. You, my friends, determined your future at the referendums and made a clear choice despite the neo-Nazis' threats and violence, amid the close military actions. But there has been nothing stronger than your intent to be with Russia, with your Motherland.

(Applause)

I want to emphasise that this is the reaction of the audience to the residents of the Donetsk and Lugansk people's republics, and the Zaporozhye and Kherson regions. Once again, our deepest respect for them all.

We have already begun and will expand a major socioeconomic recovery and development programme for these new regions within the Federation. It includes restoring production

facilities, jobs, and the ports on the Sea of Azov, which again became Russia's landlocked sea, and building new, modern roads like we did in Crimea, which now has a reliable land transport corridor with all of Russia. We will definitely implement all of these plans together.

Russia's regions are currently providing direct assistance to the cities, districts and villages in the Donetsk and Lugansk people's republics and the Zaporozhye and Kherson regions. They are doing it sincerely, like true brothers and sisters. We are together again, which means that we have become even stronger, and we will do everything in our power to bring back the long-awaited peace to our land and ensure the safety of our people. Our soldiers, our heroes are fighting for this, for their ancestors, for the future of their children and grandchildren, for uniting our people.

Friends, I would like to ask you to pay your respects to our fellow soldiers who were killed in the attacks of neo-Nazis and raiders, who gave up their lives for Russia, for civilians, the elderly, women and children.

(A minute of silence)

Thank you.

We all understand, and I understand also how unbearably hard it is for their wives, sons and daughters, for their parents who raised those dignified defenders of the Fatherland – like the Young Guard members from Krasnodon, young men and women who fought against Nazism and for Donbass during the Great Patriotic War. Everyone in Russia remembers their courage, resilience, enormous strength of spirit and self-sacrifice to this day.

Our duty is to support the families that have lost their loved ones and to help them raise their children and give them an education and a job. The family of each participant in the special military operation must be a priority and treated with care and respect. Their needs must be responded to immediately, without bureaucratic delays.

I suggest establishing a dedicated state fund for bringing targeted, personalised assistance to the families of fallen fighters, as well as veterans of the special military operation. This entity will be tasked with coordinating efforts to offer social, medical support

and counselling, and also address matters related to sending them to health resorts and providing rehabilitation services, while also assisting them in education, sports, employment and in acquiring a new profession. This fund will also have an essential mission to ensure long-term home care and high-technology prosthetics for those who need that.

I am asking the Government to work with the State Council Commission on Social Policy and with the regions to resolve the organisational matters as quickly as possible.

The state fund must be transparent in its work, while streamlining assistance and operating as a one-stop-shop, free from red tape or administrative barriers. Every family without exception, and every veteran will have their personal social worker, a coordinator, who will be there for them in person to resolve in real time any issue they might face. Let me emphasise that the fund must open its offices in all regions of the Russian Federation in 2023.

We already have measures in place for supporting Great Patriotic War veterans, combat veterans, as well as participants in local conflicts. I believe these essential elements will be added to the state fund's mission moving forward. We need to explore this possibility, and I am asking the Government to do so.

Make no mistake: the fact that we are establishing a state fund does not mean that other institutions or officials at other levels of government will be relieved of their responsibility. I expect all federal agencies, regions and municipalities to stay focused on veterans, on service personnel and their families. In this context, I would like to thank the senior regional officials, mayors, and governors who routinely meet with people, including by visiting the line of contact, and support their fellow countrymen.

On a special note, let me say that today, career service personnel, mobilised conscripts, and volunteers all share frontline hardships, including in terms of provisions, supplies and equipment, remuneration, and insurance payments to the wounded, as well as healthcare services. However, there are complaints that make it all the way to my office, as well as to the governors, as they have been telling me, and to the military prosecutor's office and the Human Rights Commissioner, showing that some of these issues have yet to be resolved. We need to get to the bottom of each complaint on a case-by-case basis.

And one more thing: everyone understands that serving in the special military operation zone causes immense physical and mental stress, since people risk their lives and health every day. For this reason, I believe that the mobilised conscripts, as well as all service personnel, and all those taking part in the special military operation, including volunteers, must benefit from a leave of absence of at least 14 days every six months without counting the time it takes them to travel to their destination. This way, every fighter will be able to meet family and spend time with their loved ones.

Colleagues, as you are aware, a 2021–2025 plan for building and developing the Armed Forces was approved by a Presidential Executive Order and is being implemented and adjusted as necessary. Importantly, our next steps to reinforce the Army and the Navy and to secure the current and future development of the Armed Forces must be based on actual combat experience gained during the special military operation, which is extremely important, I would even say absolutely invaluable to us.

For example, the latest systems account for over 91 percent, 91.3 percent, of Russia's nuclear deterrence forces. To reiterate, based on our newly acquired experience, we must access a similarly high quality level for all other components of the Armed Forces.

Officers and sergeants who act as competent, modern and decisive commanders, and they are many, will be promoted to higher positions as a matter of priority, sent to military universities and academies, and will serve as a powerful personnel reserve for the Armed Forces. Without a doubt, they are a valuable resource in civilian life and at governments at all levels. I just want our colleagues to pay attention to that. It is very important. The people must know that the Motherland appreciates their contribution to the defence of the Fatherland.

We will widely introduce the latest technology to ensure high-quality standards in the Army and Navy. We have corresponding pilot projects and samples of weapons and equipment in each area. Many of them are significantly superior to their foreign counterparts. Our goal is to start mass production. This work is underway and is picking up pace. Importantly, this relies on domestic research and the industrial base and involves small- and medium-sized high-tech businesses in implementation of the state defence order.

Today, our plants, design bureaus and research teams employ experienced specialists and increasing numbers of talented and highly skilled young people who are oriented towards breakthrough achievements while remaining true to the tradition of Russian gunsmiths, which is to spare no effort to ensure victory.

We will certainly strengthen the guarantees for our workforce, in part concerning salaries and social security. I propose launching a special programme for low-cost rental housing for defence industry employees. The rental payments for them will be significantly lower than the going market rate, since a significant portion of it will be covered by the state.

The Government reviewed this issue. I instruct you to work through the details of this programme and start building such rental housing without delay, primarily, in the cities that are major defence, industrial and research centres.

Colleagues,

As I have already said, the West has opened not only military and informational warfare against us, but is also seeking to fight us on the economic front. However, they have not succeeded on any of these fronts, and never will. Moreover, those who initiated the sanctions are punishing themselves: they sent prices soaring in their own countries, destroyed jobs, forced companies to close, and caused an energy crisis, while telling their people that the Russians were to blame for all of this. We hear that.

What means did they use against us in their efforts to attack us with sanctions? They tried disrupting economic ties with Russian companies and depriving the financial system of its communication channels to shutter our economy, isolate us from export markets and thus undermine our revenues. They also stole our foreign exchange reserves, to call a spade a spade, tried to depreciate the ruble and drive inflation to destructive heights.

Let me reiterate that the sanctions against Russia are merely a means, while the aim as declared by the Western leaders, to quote them, is to make us suffer. “Make them suffer” – what a humane attitude. They want to make our people suffer, which is designed to destabilise our society from within.

However, their gamble failed to pay off. The Russian economy, as well as its governance model proved to be much more resilient than the West thought. The Government, parliament, the Bank of Russia, the regions and of course the business community and their employees all worked together to ensure that the economic situation remained stable, offered people protection and preserved jobs, prevented shortages, including of essential goods, and supported the financial system and business owners who invest in their enterprises, which also means investing in national development.

As early as in March 2022, we launched a dedicated assistance package for businesses and the economy worth about a trillion rubles. I would like to draw your attention to the fact that this has nothing to do with printing money. Not at all. Everything we do is solidly rooted in market principles.

In 2022, there was a decline in the gross domestic product. Mr Mishustin called me to say, “I would like to ask you to mention this.” I think that these data were released yesterday, right on schedule.

You may remember that some predicted that the economy would shrink by 20 to 25 percent, or maybe 10 percent. Only recently, we spoke about a 2.9 percent decline, and I was the one who announced this figure. Later it came down to 2.5 percent. However, in 2022, the GDP declined by 2.1 percent, according to the latest data. And we must be mindful of the fact that back in February and March of last year some predicted that the economy would be in free fall.

Russian businesses have restructured their logistics and have strengthened their ties with responsible, predictable partners – there are many of them, they are the majority in the world.

I would like to note that the share of the Russian ruble in our international settlements has doubled as compared to December 2021, reaching one third of the total, and including the currencies of the friendly countries, it exceeds half of all transactions.

We will continue working with our partners to create a sustainable, safe system of international settlements, which will be independent of the dollar and other Western reserve currencies that are bound to lose their universal appeal with this policy

of the Western elite, the Western rulers. They are doing all this to themselves with their own hands.

We are not the ones reducing transactions in dollars or other so-called universal currencies – they are doing everything with their own hands.

You know, there is a maxim, cannons versus butter. Of course, national defence is the top priority, but in resolving strategic tasks in this area, we should not repeat the mistakes of the past and should not destroy our own economy. We have everything we need to both ensure our security and create conditions for confident progress in our country. We are acting in line with this logic and we intend to continue doing this.

Thus, many basic, I will stress, civilian industries in the national economy are far from being in decline, they have increased their production last year by a considerable amount. The scale of housing put into service exceeded 100 million square meters for the first time in our modern history.

As for agricultural production, it recorded two-digit growth rates last year. Thank you very much. We are most grateful to our agricultural producers. Russian agrarians harvested a record amount – over 150 million tonnes of grain, including over 100 million tonnes of wheat. By the end of the agricultural season, that is, June 30, 2023, we will bring our grain exports to 55–60 million tonnes.

Just 10 or 15 years ago, this seemed like a fairy tale, an absolutely unfeasible plan. If you remember, and I am sure some people do remember this – the former Deputy Prime Minister and the Minister of Agriculture are here – just recently, agrarians took in 60 million tonnes overall in a year, whereas now 55–60 million is their export potential alone. I am convinced we have every opportunity for a similar breakthrough in other areas as well.

We prevented the labour market from collapsing. On the contrary, we were able to reduce unemployment in the current environment. Today, considering the major challenges coming at us from all sides, the labour market is even better than it used to be. You may remember that the unemployment rate was 4.7 percent before the pandemic, and now, I believe, it is 3.7 percent. What is the figure, Mr Mishustin? 3.7 percent? This is an all-time low.

Let me reiterate that the Russian economy has prevailed over the risks it faced – it has prevailed. Of course, it was impossible to anticipate many of them, and we had to respond literally on the fly, dealing with issues as they emerged. Both the state and businesses had to move quickly. I will note that private actors, SMEs, played an essential role in these efforts, and we must remember this. We avoided having to apply excessive regulation or distorting the economy by giving the state a more prominent role.

What else there is to say? The recession was limited to the second quarter of 2022, while the economy grew in the third and fourth quarters. In fact, the Russian economy has embarked on a new growth cycle. Experts believe that it will rely on a fundamentally new model and structure. New, promising global markets, including the Asia-Pacific, are taking precedence, as is the domestic market, with its research, technology and workforce no longer geared toward exporting commodities but manufacturing goods with high added value. This will help Russia unleash its immense potential in all spheres and sectors.

We expect to see a solid increase in domestic demand as early as this year. I am convinced that companies will use this opportunity to expand their manufacturing, make new products that are in high demand, and to take over the market niches vacated or about to be vacated by Western companies as they withdraw.

Today, we clearly see what is going on and understand the structural issues we have to address in logistics, technology, finance, and human resources. Over the past years, we have been talking a lot and at length about the need to restructure our economy. Now these changes are a vital necessity, a game changer, and all for the better. We know what needs to be done to enable Russia to make steady progress and to develop independently regardless of any outside pressure or threats, while guaranteeing our national security and interests.

I would like to point out and to emphasise that the essence of our task is not to adapt to circumstances. Our strategic task is to take the economy to a new horizon. Everything is changing now, and changing extremely fast. This is not only a time of challenges but also a time of opportunities. This is really so today. And our future depends on the way we realise these opportunities. We must put an end – and I want to emphase this – to all interagency conflicts, red tape, grievances, doublespeak, or any other nonsense. Everything we do

must contribute to achieving our goals and delivering results. This is what we must strive to achieve.

Enabling Russian companies and small family-run businesses to successfully tap the market is a victory in itself. Building cutting-edge factories and kilometres of new roads is a victory. Every new school, every new kindergarten we build is a victory. Scientific discoveries and new technologies – these are also victories, of course. What matters is that all of us contribute to our shared success.

What areas should we focus the partnership of the state, the regions and domestic business on?

First, we will expand promising foreign economic ties and build new logistics corridors. A decision has already been made to extend the Moscow-Kazan expressway to Yekaterinburg, Chelyabinsk and Tyumen, and eventually to Irkutsk and Vladivostok with branches to Kazakhstan, Mongolia and China. This will, in part, allow us to considerably expand our ties with Southeast Asian markets.

We will develop Black Sea and Sea of Azov ports. We will pay special attention to the North-South international corridor, as those who work on this every day know. Vessels with a draft of up to 4.5 meters will be able to pass through the Volga-Caspian Sea Canal this year. This will open up new routes for business cooperation with India, Iran, Pakistan, and the Middle Eastern countries. We will continue developing this corridor.

Our plans include expedited modernisation of the eastern railways – the Trans-Siberian Railway and the Baikal-Amur Railway (BAM) – and building up the potential of the Northern Sea Route. This will create not only additional freight traffic but also a foundation for reaching our national goals on developing Siberia, the Arctic and the Far East.

The infrastructure of the regions and the development of infrastructure, including communications, telecommunications and railways will receive a powerful impetus. Next year, 2024, we will bring to a proper condition at least 85 percent of all roads in the country's largest metropolises, as well as over half of all regional and municipal roads. I am sure we will achieve this.

We will also continue our free gas distribution programme. We have already made the decision to extend it to social facilities – kindergartens and schools, outpatient clinics and hospitals, as well as primary healthcare centres. This programme will now be permanent for our citizens – they can always request a connection to the gas distribution system.

This year, we will launch a large programme to build and repair housing and utility systems. Over the next ten years, we plan to invest at least 4.5 trillion rubles in this. We know how important this is for our people and how neglected this area has been. It is necessary to improve this situation, and we will do it. It is important to give the programme a powerful start. So, I would like to ask the Government to ensure stable funding for this.

Second, we will need to significantly expand our economy's production capabilities and to increase domestic industrial capacity.

An industrial mortgage tool has been created, and an easy-term loan can now be taken out not only to purchase production facilities, but also to build or upgrade them. The size of such a loan was discussed many times and there were plans to increase it. It is a decent amount for a first step: up to 500 million rubles. It is available at a rate of 3 or 5 percent for up to seven years. It sounds like a very good programme and should be put to good use.

New terms for industrial clusters took effect this year, including a lower fiscal and administrative burden on resident companies, and long-term state orders and subsidies to support demand for their innovative products, which are just entering the market.

According to estimates, these measures will generate high-demand projects worth over 10 trillion rubles by 2030. Investment is expected to reach about 2 trillion this year alone. Please note that these are not forecasts, but existing benchmarks.

Therefore, I would like the Government to expedite the launch of these projects, give a hand to businesses and come up with systemic support measures, including tax incentives. I am aware that the financial bloc does not like to provide incentives, and I partly share this approach: the taxation system must be consistent and without niches or exemptions, but this particular case calls for a creative approach.

So, starting this year, Russian companies will be able to reduce their revenue taxes if they purchase advanced domestic IT solutions and AI-enhanced products. Moreover, these expenses will be credited at one and a half times the actual cost, meaning that every ruble invested in purchasing such products will result in a tax deduction of 1.5 rubles.

I propose extending these deductions to purchases of all kinds of Russian high-tech equipment. I would like the Government to come up with a list of such equipment by specific industry and with the procedure for granting deductions. This is a good solution to reinvigorate the economy.

Third, a crucial issue on our economic development agenda to do with the new sources of funding investment, which we have been talking about a lot.

Thanks to our strong payments balance, Russia does not need to borrow funds abroad, kowtow and beg for money, and then hold long discussions on what, how much and on what conditions we would pay back. Russian banks are working stably and sustainably and have a solid margin for security.

In 2022, the volume of bank loans for the corporate sector increased, I repeat, increased. There was considerable concern about that, but we have reported growth, an increase of 14 percent, or more than we reported in 2021, before the military operation. In 2021, the figure was 11.7 percent; last year, it was 14 percent. The mortgage portfolio went up by 20.4 percent. We are growing.

Last year, the banking sector as a whole operated at a profit. It was not as large as in the preceding years, but it was considerable nevertheless: 203 billion rubles. This is another indicator of the stability of the Russian financial sector.

According to our estimates, inflation in Russia will approach the target figure of 4 percent in the second quarter this year. I would like to remind you that the inflation rate has reached 12, 17 and 20 percent in some EU countries. Our figure is 4 or 5 percent; the Central Bank and the Finance Ministry are still discussing the figure, but it will be close to the target. Given these positive dynamics and other macroeconomic parameters, we are creating objective conditions for lowering long-term interest rates in the economy, which means that loans for the real economic sector will become more affordable.

Individual long-term savings are a vital source of investment resources around the world, and we must also stimulate their attraction into the investment sphere. I would like the Government to expedite the submission of draft laws to the State Duma to launch the relevant state programme as soon as this April.

It is important to create additional conditions to encourage people to invest and earn at home, in the country. At the same time, it is necessary to guarantee the safety of people's investment in voluntary retirement savings. We should create a mechanism here similar to the one used for insuring bank deposits. I would like to remind you that such savings, worth up to 1.4 million rubles, are insured by the state on guarantee deposits. I propose doubling the sum to 2.8 million rubles for voluntary retirement savings. Likewise, we must protect people's investment in other long-term investment instruments, including against the possible bankruptcy of financial brokers.

Separate decisions must be taken to attract funds to rapidly growing and high-tech businesses. We will approve support for the placement of their shares on the domestic stock market, including tax benefits for both the companies and the buyers of their stock.

Freedom of enterprise is a vital element of economic sovereignty. I will repeat: against the backdrop of external attempts to contain Russia, private businesses have proven their ability to quickly adapt to the changing environment and ensure economic growth in difficult conditions. So, every business initiative aimed at benefiting the country should receive support.

I believe it is necessary to return, in this context, to the revision of a number of norms of criminal law as regards the economic elements of crime. Of course, the state must control what is happening in this area. We should not allow an anything-goes attitude here but we should not go too far, either. It is necessary to move faster towards the decriminalisation I mentioned. I hope the Government will consistently and seriously conduct this work together with Parliament, the law-enforcement bodies and business associations.

At the same time, I would like to ask the Government to suggest, in close cooperation with Parliament, additional measures for speeding up the de-offshorisation of the economy.

Businesses, primarily those operating in key sectors and industries should operate in Russian jurisdiction – this is a fundamental principle.

Colleagues, in this context I would like to make a small philosophical digression. This is what I would like to single out.

We remember what problems and imbalances the Soviet economy faced in its later stages. This is why after the collapse of the Soviet Union and its planned system, in the chaos of the 1990s, the country began to create its economy along the lines of market relations and private ownership. Overall, this was the right thing to do. The Western countries were largely an example to follow in this respect. As you know, their advisers were a dime a dozen, and it seemed enough to simply copy their models. True, I remember they still argued with each other – the Europeans argued with the Americans on how the Russian economy should develop.

And what happened as a result? Our national economy was largely oriented to the West and for the most part as a source of raw materials. Naturally, there were different nuances, but overall, we were seen as a source of raw materials. The reasons for this are also clear – naturally, the new Russian businesses that were taking shape were primarily oriented toward generating profit, quick and easy profit in the first place. What could provide this? Of course, the sale of resources – oil, gas, metals and timber.

Few people thought about other alternatives or, probably, they did not have the opportunity to invest long-term. This is the reason other, more complex industries did not make much headway. It took us years – other governments saw this clearly – to break this negative trend. We had to adjust our tax system and make large-scale public investments.

We have achieved real and visible change. Indeed, the results are there, but, again, we should keep in mind the circumstances in which our major businesses developed. Technologies were coming from the West, cheaper sources of financing and lucrative markets were in the West, and capital started flowing to the West as well. Unfortunately, instead of expanding production and buying equipment and technology to create new jobs in Russia, they spent their money on foreign mansions, yachts and luxury real estate.

They began to invest in the economy later, but initially the money flowed rapidly to the West for consumption purposes. And since their money was there, that is where their children were educated, where their life was, their future. It was very difficult and almost impossible for the state to track and prevent these developments, because we lived in a free market paradigm.

Recent events have clearly shown that the image of the West as a safe haven for capital was a mirage. Those who failed to understand this in time, who saw Russia only as a source of income and planned to live mostly abroad, have lost a lot. They just got robbed there and saw even their legitimate money taken away.

At some point I made a joke – many may still remember it – I told Russian businesspeople that they will make themselves sick running from courtroom to courtroom and from office to office in the West trying to save their money. That is exactly how it turned out.

You know, I will say something that is quite simple, but truly important. Trust me, not a single ordinary citizen in our country felt sorry for those who lost their assets in foreign banks, lost their yachts or palaces abroad, and so on. In their conversations around the kitchen table, people have all recalled the privatisation of the 1990s, when enterprises that had been built by our entire nation were sold for next to nothing and the so-called new elites flaunted their lavish lifestyle.

There are other key aspects. During the years that followed the breakup of the Soviet Union, the West never stopped trying to set the post-Soviet states on fire and, most importantly, finish off Russia as the largest surviving portion of the historical reaches of our state. They encouraged international terrorists to assault us, provoked regional conflicts along the perimeter of our borders, ignored our interests and tried to contain and suppress our economy.

I am saying this because big business in Russia controls strategic enterprises with thousands of workers that determine the socioeconomic well-being of many regions and, hence, the overall state of affairs. So, whenever leaders or owners of such businesses become dependent on governments that adopt policies that are unfriendly to Russia, this poses a great threat to us, a danger to our country. This is an untenable situation.

Yes, everyone has a choice. Some may choose to live in a seized mansion with a blocked account, trying to find a place for themselves in a seemingly attractive Western capital, a resort or some other comfortable place abroad. Anyone has the right to do that, and we will never infringe on it. But it is time to see that in the West these people have always been and will always remain second class strangers who can be treated any way, and their money, connections and the acquired titles of counts, peers or mayors will not help at all. They must understand that they are second class people there.

There is another option: to stay with your Motherland, to work for your compatriots, not only to open new businesses but also to change life around you in cities, towns and throughout your country. We have quite a few businesspeople like this, real fighters in our business community, and we associate the future of our business with them. Everyone must know that the sources of their prosperity and their future can only be here, in their native country Russia.

If they do, we will create a very strong and self-sufficient economy that will not remain aloof in the world but will make use of all its competitive advantages. Russian capital, the money earned here, must be put to work for the country, for our national development. Today, we see huge potential in the development of infrastructure, the manufacturing sector, in domestic tourism and many other industries.

I would like those who have come up against the predatory mores of the West to hear what I have to say: running around with cap in hand, begging for your own money makes no sense, and most importantly, it accomplishes nothing, especially now that you realise who you are dealing with. Stop clinging to the past, resorting to the courts to get at least something back. Change your lives and your jobs, because you are strong people – I am addressing our businesspeople now, many of whom I have known for years, who know what is what in life.

Launch new projects, earn money, work hard for Russia, invest in enterprises and jobs, and help schools and universities, science and healthcare, culture and sports. In this way, you will increase your wealth and will also win the respect and gratitude of the people for a generation ahead. The state and society will certainly support you.

Let us consider this as a message for your business: get moving in the right direction.

To be continued.

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