

Meeting on development of air transport and aircraft manufacturing

The President held a videoconference on the development of air transport and aircraft manufacturing.

March 31, 2022 17:35 Novo-Ogaryovo, Moscow Region

Taking part in the meeting were Prime Minister Mikhail Mishustin, Chief of Staff of the Presidential Executive Office Anton Vaino, First Deputy Prime Minister Andrei Belousov, Deputy Prime Minister Yury Borisov, Presidential Aides Igor Levitin and Maxim Oreshkin, Minister of Industry and Trade Denis Manturov, Minister of Economic Development Maxim Reshetnikov, Minister of Transport Vitaly Savelyev, Minister of Finance Anton Siluanov, Central Bank Governor Elvira Nabiullina, Head of the Federal Air Transport Agency Alexander Neradko, as well as the heads of United Aircraft Corporation, Aeroflot, State Transport Leasing Company, Siberia Airlines, UTair, Airports of Regions Management Company, the Volga-Dnepr Group, Rostec State Corporation, VEB.RF State Development Corporation, Sberbank and VTB Bank.

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President of Russia Vladimir Putin: Colleagues, good afternoon.

Today's agenda focuses on the situation in the aviation industry. We have long wanted to discuss these issues holistically, and today we will talk about it in more detail.

However, I would like to begin with something we discussed last week.

Today I signed an Executive Order establishing the rules for trading Russian natural gas

with so-called unfriendly states. We have offered our counterparties from these countries a clear and transparent procedure. To purchase Russian natural gas, they will have to open ruble accounts with Russian banks to be used to pay for gas distribution starting tomorrow, on April 1 of this year.

If no payment is made, we will consider this a default on the part of the purchaser – with all the ensuing consequences. No one sells us anything without payment, and we are not doing charity either. This means the current contracts will be suspended.

I emphasise this again – in a situation where the Western countries' financial systems are being used as a weapon, when companies from these countries refuse to fulfill their contracts with Russian banks, enterprises, and individuals, when our dollar and euro assets are frozen, it makes no sense to use those countries' currencies.

In fact, what has been happening? We supplied resources to our European customers – in this case, gas. They received it and paid in euros – which they later had frozen. Thus, we have reasons to believe that some of the gas supplied to Europe was essentially provided free of charge.

Obviously, this cannot continue, especially considering that, should we continue to supply gas under the same process, euro or dollar payments could once again be blocked. This development is quite possible, especially given that some Western politicians have been talking about it publicly. Moreover, EU heads of governments have been suggesting similar approaches. This kind of risk is, of course, unacceptable to us.

If we look at this issue from a general perspective, converting to gas payments in Russian rubles is an important step towards reinforcing our financial and economic sovereignty. It has been our long-term plan to consistently and gradually move in this direction, increasing the share of national currency transactions in foreign trade – that is, in our currency and the currency of our reliable partners.

You may have already heard that many long-time energy suppliers in the world market are also talking about diversifying transaction currencies.

To reiterate, Russia values its business reputation. We fulfill and we will continue to fulfill

our obligations under all contracts, including our gas contracts. We will continue to supply gas as agreed and, I would like to stress, at the rates specified in the effective long-term contracts.

I want to stress that these rates are several times lower than the current rates on the spot market. What does this mean? In simple terms, Russian gas means cheaper energy, heat and power in European homes, affordable fertilisers for European farmers and, consequently, cheaper food. Finally, it means higher competitiveness for European companies and higher wages for European citizens.

However, judging by the statements made by some politicians, they are willing to disregard their citizens' interests so they can enjoy the good graces of their overseas master and overlord. This is the opposite of populism. People are urged to eat less, put on more clothes, and use less heating, give up on travel – presumably for the benefit of the people who are demanding this kind of voluntary deprivation as a sign of some abstract North Atlantic solidarity.

This is not the first year that we have been observing such questionable approaches and actions in the economic, energy and food policy of the Western countries.

Incidentally, the food crisis will inevitably be followed by another one, another wave of migration, primarily to the European countries.

Regardless of this, the decisions that are being made, one after another, are pushing the global economy towards crisis. They are leading to the disruption of production and logistics chains, an increase in global inflation and the aggravation of inequality, to a decline in the living standards of millions of people, and to the tragedy of mass famine in the poorest countries, as I have just said.

Naturally, the question arises: Who is responsible for this? Who will be held accountable for this?

Obviously, the United States will again try to resolve its problems – just its own problems – at the expense of others. In part, it will trigger a new wave of emission and budget deficits. The deficit has soared enormously and inflation is setting records

in both the leading European countries and in the United States. In the process, they are trying to blame us for their own economic mistakes; they are always looking for someone to blame. This is perfectly clear, we are aware of this.

I would add that the United States will also try to make money on the current global instability, as it did during WWI and WWII, and its aggressions against Yugoslavia, Iraq and Syria, to name a few. Global markets are falling while the stock value of the companies from the US military-industrial complex is going up all the time. Money is flowing away to the United States, depriving the other regions of the world of development resources.

Attempts to do everything possible to push Europe towards expensive American liquid natural gas fall into the same category. As a result, the Europeans are not only compelled to dip into their pockets but actually to undermine the competitiveness of European companies with their own hands, to remove them from the global market. For Europe, this means large-scale de-industrialisation and the loss of millions of jobs. Another consequence is a drastic reduction in living standards against the backdrop of price increases on food, petrol, electricity, housing and utilities.

This is the price the ruling Western elite are telling people to pay, as I said, for their ambitions and short sighted actions – both in politics and the economy, including the economic war that they are trying to unleash, or in fact have already unleashed against Russia.

This did not start just now, nor in the past month. Illegal sanctions and restrictions have always been imposed on our country, for many years. The goal is to curb Russia's development, undermine our sovereignty, and weaken our industrial, financial and technological potential.

I will repeat that all these sanctions have been prepared in advance and would have been imposed in any case. I would like to emphasise this point. In effect, these are sanctions against our right to freedom, to be independent, to be Russia. They are imposed because we do not want to dance to their tune and to sacrifice our national interests and traditional values.

The “collective West” does not seem willing to abandon its policy of economic pressure on Russia. Moreover, it is certainly going to try to find more reasons for sanctions, or rather pretexts. One can hardly count on any change in their approach, at least in the near future.

In this regard, I am asking the Government, the Bank of Russia, and the regional governments, to consider this while planning their systemic efforts to promote economic growth and support specific sectors, to keep in mind that the sanctions are not going anywhere, just like in previous decades. Such is the objective reality.

What I would like to note here, and I want you to bring this to all your colleagues’ attention, when reviewing each specific industry or sector, we need to focus not only on overcoming the challenges of this year, but also work out long-term development plans based on the internal capabilities of our economy, on Russia’s science and education systems. We must primarily rely on private business initiatives and healthy competition, striving to maximise the employment of our industrial facilities, to develop new competencies and generally increase Russia’s international competitiveness.

At the same time, to make sure that the economic policy is effective, we need to look at key indicators like the preservation and creation of jobs, the reduction of poverty and inequality, the improvement of people’s quality of life, and the availability of goods and services. We also focused on these indicators when we were discussing the situation in construction and housing last week.

Today we will continue the series of industry-related meetings. As I have said, the aviation industry is on our agenda today, which plays a crucial role in the development of Russian industry, its high-tech areas. It is certainly of particular importance for transport services, which ensure the connectivity of the regions of our vast country.

Allow me to remind you that Russian air carriers and aircraft manufacturers were among the first to feel the consequences of the improper decisions by the Western countries. A month ago, European and American companies unilaterally refused to meet their obligations under their contracts with aviation and service companies from Russia. In fact, they deceived their Russian partners by stopping the supply, leasing, maintenance and insurance of aircraft. In addition, the European countries closed their airspace to our

planes.

I will leave aside, for now, the impact of this decision on the foreign companies themselves, including damaged reputations and direct losses. I will merely note that Russian companies have fulfilled their agreements in full and were ready to continue doing so.

However, the Western countries took these steps and we must certainly respond to them. I suggest proceeding from the premise that we will not be maintaining cooperation with our former partners in the near future. We will not close ourselves off from anyone; we will not be a closed country, but we have to proceed from the realities that are taking shape.

We have every opportunity to see that Russian aviation not only overcomes the current difficulties but also receives a new impetus for development.

First, we must support our airlines so they can maintain their sustainable and rhythmic operation, to keep jobs and make air service accessible to the Russian people. As I have said, these are operational, urgent measures.

As for long-term plans, we must obviously adjust the strategy for the development of our aviation industry with reliance on our own resources and due account for the new conditions that bring a host of opportunities for Russian aircraft makers, design bureaus, and suppliers of materials, components and parts.

The share of domestic aircraft should increase drastically during the current decade (and this is, of course, an opportunity for our aircraft equipment manufacturers). Naturally, it is necessary to achieve high quality, reliability and efficiency in the process. This is also important for Russian airlines, including private companies that should also develop as dynamic and profitable businesses. Of course, this matters a lot for passengers – they must be able to buy tickets at affordable prices – something we will talk more about later – while the level of safety, comfort and services must match the highest standards. I am referring now not only to interregional flights but also to the development of small aviation and services to difficult-to-access, remote areas.

I would like to ask you today to speak in detail about solutions that will allow our industry

to develop the production of a broad range of domestic aircraft. We are endlessly discussing this issue with you. It is also important to make sure that technical maintenance and aircraft repair meet the highest requirements.

Let us start working. I will give the floor to Mr Savelyev. Go ahead, please.

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