



# DMITRY MEDVEDEV

## President of Russia

Ladies and gentlemen,

I appreciate this invitation to address the first World Policy Conference and I would like to start by commending the foresight of France. Distinguished Thierry de Montbrial, when contemplating almost a year ago this truly vital conference, must have known that it would coincide with the most acute phase of the world financial crisis in these October days.

For two days already now the discussions here, in La Grange au Lac, have examined the dangerous challenges facing the modern world. The goal is to work out common responses to these challenges. Even this hall with its Russian birch trees and Savoy decoration reminds us of the interdependence and unity of the world, and of the harmony and compatibility of various traditions and cultures on our common European continent.

Now, let me share with you my views on recent developments in the world and on ways to resolve the existing problems. I would like to address three issues: ways to overcome the current economic crisis; the situation in the Caucasus; and I would like to say a few words on convening a new conference on security.

The issues under discussion show that the world has reached a critically important, transition stage of its development. Recent events in the Caucasus have demonstrated that it is impossible to appease or contain an aggressor based on bloc approaches. If irresponsible, adventurous actions by the ruling regime of a small country (Georgia in this particular case) are capable of destabilizing the situation in the world, is this not proof that the international security system based on unipolarity no longer works?

It is also evident that economic egoism is also a consequence of the unipolar vision of the world and of the desire to be its megaregulator. It is a dead-end policy in terms of global economic development, and I will return to that later. But first I would like to comment on what led to the build-up of conflict potential in the security area.

I think that the origins of the current situation can be found in the events that took place seven years ago. It was then that the world missed its historic chance, the chance to de-ideologize international politics and create a genuinely democratic world order. It let slip this chance because of the United States' desire to consolidate its global rule.

You will recall that in the aftermath of September 11, 2001 Russia and many other states did not hesitate to show our solidarity with the United States. We did this not only for the sake of combating terrorism (this was only natural), but also for the sake of overcoming the divisions the Cold War had created in the world.

However, after the overthrow of the Taliban regime in Afghanistan, the United States started a chapter of unilateral actions which not coordinated with the United Nations or even with a number of the United States' partners. It is enough to mention the decision to withdraw from the ABM Treaty and the invasion of Iraq.

The result was a trend of growing divisions in international relations. This was manifested in the unilateral proclamation of Kosovo's independence and in the de facto revival of the policy of deterrence so popular in the twentieth century.

Military bases have been established along our borders. The third ABM deployment area is being created in the territory of the Czech Republic and Poland. Yes, the number of antiballistic missiles will be limited, but what are they for, why are they deployed? And, again, what prevented the United States from consulting first with its allies?

Of course, none of these countries in themselves are any threat to Russia. But when a decision is taken in this way, without consultations, including with its partners in NATO and the EU, that is to say, without consultations within Europe, we cannot but have the impression that tomorrow could bring yet further decisions to deploy yet more missile



defence systems. With this kind of unipolar decision-making process, there are no guarantees against this happening, no guarantees for the Russian Federation, in any case.

The Warsaw Treaty Organization ceased to exist twenty years ago, but to our regret at least, NATO's expansion continues full steam ahead. Today, NATO is actively discussing the admission of Georgia and Ukraine. What's more, it sees the issue in battle terms: admitting these countries would be victory over Russia, while keeping them out would be tantamount to capitulation.

But the real issue is that NATO is bringing its military infrastructure right up to our borders and is drawing new dividing lines in Europe, this time along our western and southern frontiers. No matter what we are told, it is only natural that we should see this as action directed against us. But the moment we try to point out that this is objectively contrary to Russia's national security interests everyone starts getting nervous. How else are we to interpret this behaviour?

I would like to make the logic of our behavior as clear as possible. We are in no way interested in confrontation. Russia's successful development depends on transparent and equal international relations. They are also the best guarantee of stability in the world.

I would like to emphasize that we are open to cooperation. And we intend to cooperate responsibly and pragmatically. The events of the last two months contain much tragedy but they are at the same time an example of pragmatic cooperation between Russia and the European Union. When Russia, Europe and the entire world found themselves confronted with crisis in the Caucasus, we managed to act in a proactive and coordinated manner with a sense of responsibility for our common European future. I particularly note in this respect French President Nicholas Sarkozy's bold and responsible action.

I am convinced that people seek peace and harmony. They want to cooperate, do business and exchange cultural and educational achievements. They want to meet and communicate as friends and neighbours. And I have no doubt that these humanitarian factors will yet manifest themselves in a meaningful and robust way.

In this context, I think it is vital that we at the very least all calm down and abandon the rhetoric of confrontation, which, as we know, sooner or later takes on a life of its own.

We all know full well that we have already been through this kind of exchange of courtesies many times in the past. We thought everyone had learned its pointlessness by now. Most important, what does it give us as a real solution to the crisis? This is all has-beens. Sovietology is has-been, but sovietology, like paranoia, is a dangerous disease. And it is a pity that part of the U.S. Administration still suffers from it.

People should be studying the new Russia and not reviving Soviet phantoms.

But I am sure that a "new Fulton" and a new edition of the Cold War are not on the agenda, no matter how deep these notions remain stuck in the minds of some politicians.

The past two months have shown us clearly who is ready to help Russia in a crisis, who is our real friend and who is not. But we think nothing fatal or irreversible has happened. And let us be frank: the current situation represents an acute phase of the continuing crisis of the entire Euro-Atlantic policy brought about by the "unipolar syndrome". We need now to find a way out of this crisis. We have to find a way out together.

Ladies and gentlemen,

Taking into account what has been said, I will share with you my vision of the principles of selforganization in a just and multipolar world. There is no doubt that it should be based on collective foundations and the rule of international law.

Force divorced from law unavoidably breeds unpredictability and chaos when everyone starts fighting each other, as happened in Iraq. Any selective application of the basic provisions of international law undermines international legality. But legality cannot be "selective": either it does exist or it does not.



I think that all countries, large and small, must resolutely abandon war as an instrument of policy. If we recognize that international relations is an accommodation of interests of equal and sovereign states, any attempt to dominate and achieve one's own goals at the expense of others would have to be seen as amoral. It is also inadmissible to impose on other states one's national laws or the decisions of one's national courts.

In this respect, I want to emphasize the importance of maintaining the central and coordinating role of the United Nations as the most plenipotentiary international organization. It is more important now than ever to strengthen and uphold its international and legal authority.

Now a few words about the nature and first lessons of the economic crisis. It was brought about by the economic egoism of a number of countries. This is something I first spoke about in June at the International Economic Forum in Saint-Petersburg. As we see, today this crisis threatens to undermine the stability of the entire world's development.

Our experts kept warning about the increasing negative trends on commodity and food markets and in the financial system. And we openly shared our assessments of these future threats at international forums, including at the recent G8 summit in Japan.

What should be done?

First, I believe that in these new conditions, we need to streamline and systematize both national and international regulatory institutions.

Second, we need to get rid of the serious imbalance between the amount of issued financial instruments and the real returns on investment programs. The race to compete fuels financial soap bubbles, while public companies' accountability before their shareholders is diluted and even eroded away altogether.

Third, the risk management system must be strengthened. Each market actor needs to take their share of the risks and responsibility right from the outset. There should be no illusions about the ability of any asset to rise endlessly in value. The world just does not work this way. It is contrary to economic laws.

Fourthly, we need to ensure maximum information transparency and full disclosure for companies, tighten supervisory requirements and increase the responsibility of rating agencies and audit companies.

And finally, fifth, we need to ensure that everyone will reap the benefits of removing barriers to international trade and free movement of capital. Unfortunately, we have come now to understand this necessity only through a crisis that has brought down living standards and destabilized business.

All these problems are international. They call for the development and use of new critical technologies in politics and the economy. It is with the aim of resolving these problems that Russia has launched its call for change in the global financial architecture, a revision of the role played by today's institutions and the creation of new international institutions, institutions that can ensure genuine stability.

Any crisis offers at the same time a chance to resolve systemic contradictions. We need to use this opportunity to clean out our systems and prolong and maximize the growth periods in our economies. The chance is still there for the taking, but we need to realize the multi-polar nature of the world and the complexities of globalization.

The unipolar economic model had already proved its ineffectiveness during the crises in the 1990s. The pillars of the system - the IMF and WTO- were left discredited. More recently, the weakening dollar has created a whole string of problems. Now we see the fragmentation of the world financial system underway literally before our very eyes.

The example of the USA, and others too, has shown that it is just one step from self-regulated capitalism to financial socialism. What's more, we see them ready to nationalize one asset after another. Factors for stability in this situation would be the creation of new financial centers and strong regional currencies, as has already happened in Europe with the EU economy and a strong regional currency - the Euro.



Russia will actively encourage this recovery process in the international financial system, and not only in the G8. It is clear now that acting through the G8 alone is not enough, and I am pleased to see that many of our American colleagues are starting to say this too.

What I mean is that we need to get other key world economies engaged in this process too: China, India, Brazil, Mexico, South Africa, and maybe others too. At any rate, Europe must not become the weak and vulnerable link here.

Globalization must be accompanied by an increased role of states as guarantors of successful national development. Collective global management structures, meanwhile, will act as arbiters ensuring the compatibility of the different economic strategies.

In this connection I think President Nicolas Sarkozy's idea to hold a multilateral meeting to consider the problems of the global financial system is a timely proposal. His proposal to create a common economic space between the European Union and Russia is also far-sighted. This would make it easier for us to ensure the stability of our economies and create a genuinely new climate for our relations.

I think we could also start discussing together the future of our common European continent. By this I mean Europe's role in the global economy and the establishment of a just world order. Historically, Russia is part of European civilization and for us, as Europeans, it matters a lot what values will shape the future world.

Let me turn to the Caucasus crisis. I think that everything that can be said about its causes has already been said. We have made our decisions and their motivation—I hope—is clear for all. Meanwhile I would also like to inform you all that today the withdrawal of Russian troops from the security zones around South Ossetia and Abkhazia will be completed before midnight.

With the European Union observers now stationed in the security zones on the borders between South Ossetia, Abkhazia and Georgia, we hope they will carry out their mission to guarantee the non-use of force and prevent provocation by the Tbilisi regime. This is what we agreed with the European Union.

The explosion at our peacekeepers' headquarters in Tskhinvali shows just how dangerous the situation is and just what provocations are possible. More Russian peacekeepers have been killed. This is another cruel crime and offenders will be punished. We would like to hope that this tragic page in the history of Caucasus has been turned now. I want to stress once again the positive role of the European Union in proposing a peaceful solution to the Caucasus crisis. At a time when other forces in the world had no good will or ability to do this, we found in the EU an active, responsible and pragmatic partner. I think this is proof of the maturity of relations between Russia and EU.

Now we need to decide together how to live in the aftermath of the crisis, how to avoid new shocks and strengthen the foundations of international security as a whole.

Ladies and gentlemen,

There is no ignoring the fact that not multilateral diplomacy, nor regional mechanisms, nor the current European security architecture in general, succeeded in preventing the aggression that took place. The NATO-centric approach in particular has shown its weakness. We should draw conclusions from this situation.

The Euro-Atlantic vision today needs a positive agenda. The events in the Caucasus have only confirmed how absolutely right the concept of a new European security treaty is today. It would give us every possibility of building an integrated and solid system of comprehensive security.

This system should be equal for all states—without isolating anyone and without zones with different level of security. It should consolidate the Euro-Atlantic region as a whole on the basis of uniform rules of the game. And it should ensure in stable and legally binding form our common security guarantees for many years to come.

My partners often ask me what would be new in the Treaty. Here in Evian I would like to present for the first time some specific provisions as I see them.



First. The Treaty should clearly affirm the basic principles for security and intergovernmental relations in the Euro-Atlantic area. These principles include the commitment to fulfil in good faith obligations under international law; respect for sovereignty, territorial integrity and political independence of states, and respect for all of the other principles set out in the truly fundamental document that is the United Nations Charter.

Second. The inadmissibility of the use of force or the threat of its use in international relations should be clearly affirmed. It is fundamental for the Treaty to guarantee uniform interpretation and implementation of those principles. The treaty could also cement a unified approach to the prevention and peaceful settlement of conflicts in the Euro-Atlantic space. The emphasis should be on negotiated settlements that take into account the different sides' positions and strictly respect peacekeeping mechanisms. It would perhaps be useful to set out the dispute resolution procedures themselves.

Third. It should guarantee equal security, and I mean equal security and not any other kind of security. In this respect we should base ourselves on three 'no's. Namely, no ensuring one's own security at the expense of others. No allowing acts (by military alliances or coalitions) that undermine the unity of the common security space. And finally, no development of military alliances that would threaten the security of other parties to the Treaty.

We need to concentrate on military and political issues because it is hard security that plays a determining role today. And it is here that we have seen a dangerous deficit of controlling mechanisms recently.

Fourth. It is important to confirm in the Treaty that no state or international organization can have exclusive rights to maintaining peace and stability in Europe. This applies fully to Russia as well.

Fifth. It would be good to establish basic arms control parameters and reasonable limits on military construction. Also needed are new cooperation procedures and mechanisms in areas such as WMD proliferation, terrorism and drug trafficking.

Our joint work on the Treaty should also assess how the structures established in the past meet modern requirements. I stress that we do not seek to abolish or even weaken anything that we have now. All we want is to achieve more harmonious work together on the basis of a common set of rules.

Life will show us the best platform for negotiations. And if we agree to go ahead with this project it will be essential to get the international expert community involved.

Let me stress that we are open for discussing other possible elements of the Treaty as well. But whatever the case, we must speed up our efforts to fix the European security architecture. If we do not, we will only see it degrade further, as well as face growing crisis in security and arms control.

True, the non-proliferation regime we inherited is not best suited to today's tasks. But even this regime has not exhausted its positive potential, although there are some obvious problems, such as cracks and holes in the Nuclear Non-Proliferation Treaty, lack of progress in making the Convention on the Prohibition of Biological and Toxic Weapons more effective, and also the murky prospects for entry into force of the Comprehensive Test Ban Treaty.

We attach exceptional importance to concluding a new, legally binding Russian-American agreement on nuclear disarmament. It should replace the START Treaty that expires in 2009. But what we need is a treaty and not a declaration. We hope for a positive reaction to our proposal from the USA.

Everything I have proposed today has great importance for Europe. I invite you to take part in honest and unbiased dialogue at a forum especially devoted to this issue. The leaders of all European countries and all the key Euro-Atlantic organizations could take part, all those who hold dear the world's future, confident development and peoples' peace. I hope that our voices will be heard and that this initiative will receive support.

Thank you for your attention.