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P. Lavelle:

I would like to welcome Mr. Romano Prodi, President of the Foundation for Worldwide Cooperation, former President of the European Commission and former Prime Minister of the Italian Republic, to our discussion today. I am very pleased to have Mr. Prodi at the Forum. It is an absolute pleasure to have you here. I am going to talk with Mr. Prodi for about 25 minutes, maybe 30 minutes. This will be done in English, with simultaneous interpretation. Mr. Prodi has asked me to speak slowly and with very clear questions, and that is what I am going to do.

It is a very interesting and delicate, if not dangerous time that we live in. I would like to quote something you said recently, which I think sums up the relationship Russia has with Europe, and perhaps the western world in general. You said recently, "You can be tough if it suits you, you can be soft if it suits you, but you cannot be tough when it brings you nothing but harm. Isolating Russia is harmful." Could you elaborate on that?

R. Prodi:

It seems that, step by step, we have fallen into a very dangerous situation here. We have entered into a continuous confrontation that is growing without any new reason to grow. There are so many common interests in a situation where we should move towards reaching an agreement, to at least calm the tension between Europe and Russia.

P. Lavelle:

We have seen that with Minsk II, where European leaders, the German leader and the French leader, very bravely if I may say so, went to Minsk and did support a peace process. However, it seems that the United States only pay lip service to Minsk II, that they are not interested in peace in Ukraine. One of the most fundamental questions is, why can Europe not act more independently?

Sanctions hurt European countries, they do not hurt the United States, yet Europe maintains the sanctions.

R. Prodi:

I would pose the more general question of whether 'Europe' actually exists. That is the real problem. We are fragmented. The European situation is very different from 12 years ago, when I was President of a European Commission in which you had an *entente cordiale*, of sorts, between Germany, France, the UK, Italy, and Spain to a degree.

In recent years, we have seen an enormous change. From one point of view, France's influence has decreased a lot. Secondly, when the UK declares that in four years' time it may no longer be 'a member of the club', all the countries that have been negotiating their position among the different countries will be under the German umbrella. This is the new Europe.

I called the European Union 'a union of minorities'. Can you call it a union of minorities now?

P. Lavelle:

You certainly can. Can you explain to us, if the European Union is a union of minorities, why does it want another minority, namely Ukraine?

R. Prodi:

I always said that Ukraine can neither be a member of the European Union nor part of Russia. Ukraine has different characteristics. It must be a bridge and not a battlefield, but with strong unity and independence. If it does not have this then you will never have a link between Russia and Europe, and you will never have peace. This is a problem that must be solved.

P. Lavelle:

In theory, everyone should agree with you.

R. Prodi:

Everyone, in theory, does.

P. Lavelle:

The reality, however, is very different. I shall offer a narrative that people in this room will agree with and will disagree with. In the evening of February 22, 2014, hours before the European Union brokered a political transition in Ukraine to keep the country together, President Yanukovich did not say, “No” to the Ukraine–European Union Association Agreement. He said, “Not now.”

Over the preceding weeks, Vladimir President Putin and the Russian political leadership said, “Let us all work together on this, all three of us, trilateral.” They were told “No”, three times.

On that night, there was a political transition, a coup actually, supported by the United States. There is ample evidence that it was supported by the United States. Mr. Prodi, I have a question for you. Why did the European Union and the United States sanction the coup in Kiev?

R. Prodi:

Sorry, why?

P. Lavelle:

They recognized it as a legal regime after Yanukovich’s departure. But it was an illegal political act; it was an anti-constitutional act. The European Union and the United States nonetheless recognized the new regime in Kiev, which was an illegal regime. Why did they take that move?

R. Prodi:

If you look at the past, and we have this list of mistakes, it will never end. We have to look towards the future of the country. We have a situation in which Russia is worse off, Europe is worse off, Ukraine is worse off. If there were an agreement between the US, Europe and Russia, then in one day, international terrorism could be defeated. This is the real fact of the matter! This is why I am so angry about the situation.

If you consider Libya and other countries, there could be a solution, in which the US and Russia together, and China too – because all big powers are frightened by terrorists – might say, “Let us agree on this for a while, because it is our interests.”

P. Lavelle:

There are some great powers that generate terrorism in the world, but this is not the subject of our discussion today.

My point is the double standard. I would like to be very clear about this. It cannot be that a country supports an anti-constitutional regime in one country, supports an anti-constitutional act committed by that country, but then imposes sanctions against another country, when it commits an anti-constitutional act, such as, for example, violating Ukraine’s sovereignty. That is what I mean by ‘a double standard’.

If you look at the past 18 months, the ‘peace feelers’ and the peace proposals that have been made repeatedly, have not come from Washington, nor from the European Union, until Mr. Hollande and Ms. Merkel came, very bravely, to Belarus to start looking for a solution here.

As we speak, that is not happening now. There is no pressure whatsoever on the Kiev regime to commit to Minsk II. At the same time, the President of the United States has no idea what is happening in Ukraine. One just has to listen to what he has to say – that there is Russian aggression, when in fact there is a peace

process, a political process, that needs to be implemented. Why does Europe not stand up and say that? Why can it not say that the United States is wrong and that the European Union fully backs the Minsk II process? It is because Ms. Merkel always steps back when it is important.

R. Prodi:

You will have to ask Ms. Merkel. It is a simple matter of common sense.

Today I read in an Italian newspaper what former U.S. Secretary of State Mr. Henry Kissinger has said; it is absolutely the same as what you are saying now. He said that Russia is important for peace, that we need Russia's contribution in dealing with crisis, terrorism, climate change, food security and weapons of mass destruction. But that is Mr. Kissinger, and not a left-wing European. At the same time Mr. Kissinger says that, President Putin must on his part recognize Europe's internal political problems, and act wisely rather than exacerbate these problems. That is the opinion of Mr. Kissinger, and I completely share his view. It is, however, difficult to give you an answer as to why Ms. Merkel is behaving in this way.

P. Lavelle:

There is an answer, and you can agree or disagree with me. If we look at the trade deal that the United States has been trying to negotiate with the European Union, the Transatlantic Trade and Investment Partnership (TTIP), we see that the timing is quite remarkable. It is a Washington political consensus that needs – and demands – that Europe be tied to the American economy and to exclude Russia, because a partnership between the European Union and Russia could be quite viable.

Consider that only two years ago, an economic partnership between the EEC and Russia was on the cards. It was happening. Then, all of a sudden, we saw a forced regime change in Ukraine, with the folks in Washington knowing precisely

that this is a red flag to the Russians. I have said on my Crosstalk programme at RT that it is a red flag that has never changed and will never change.

As was said a few months ago in the House of Lords in the UK, the west is sleepwalking towards conflict, a real conflict, with Russia. We just have to listen to what President Putin says. I am not glorifying him, but rather saying that we ought to read what he has written. Everything is there and it is all very clear. Why does the west not want to recognize that Russia has its own national security interests? Why does it not recognize that?

R. Prodi:

This is impossible to answer. As I told you before, I recognize it.

I believe it is a strategic mistake on the part of the United States to think that Europe is more useful without Russia than with Russia. That is a strategic miscalculation, particularly in regards to Europe's energy supply problems. The US is self-sufficient in energy, but will never be a big exporter of gas to Europe, because of the Asian market, among other reasons. The political problem at this moment is the United States and its efforts to demonize Russia and President Putin.

P. Lavelle:

Demonizing a human individual is not a foreign policy, unfortunately. Henry Kissinger has been quoted twice in this. But what I have said is true here.

One of the things that is so misunderstood, and that I would like to see a European perspective on, is that throughout this crisis, with the demonization of Russia and President Vladimir Putin, we have seen a particular situation emerge in Russia. I am an American, obviously, but having lived here for 18 years, I can say that the political class is united and the population is united. Sanctions are a pain in the neck, but they are not destroying Russia's economy.

There are members of the political elite and of the population here who are quite pleased with the sanctions, because Russia will turn away from Europe. Europe wants to punish Russia, which is a very childish approach, because Russia will just turn away. They will still visit Europe, and love Italy. I love visiting Italy, but you do not have to take away the values of the west. This is a huge political miscalculation, coming from Washington and being enforced by Europe.

Is Europe afraid of losing Russia for good?

R. Prodi:

Europe is miscalculating the problem. I also have some questions which I am unable to answer. I will give you an example.

In my mind, I never think of the past; I want a solution for the future. When Russia decided not to build the South Stream pipeline, I told President Putin, and then I told the Italian High Representative for Foreign Affairs and Security Policy, Ms. Federica Mogherini, as well as the German Minister for Foreign Affairs, "The situation is very simple. You have two pipes connecting Russia to Europe: let us make a joint venture, with one third contribution from Russia, one third from Europe, and one third from Ukraine. Russia is happy, Europe is happy, and Ukraine is happy." Everybody was telling me what a great idea. It is very simple. In January of this year, I went through all the steps, everybody was happy, and then nothing happened.

Hence the problem is not rationality, but rather irrationality. In history, irrationality has often occurred in Europe where you have two pipes, and where Europe needs Russian gas, but less now because demand is decreasing. Russia needs to sell gas. Ukraine gains from the gas passing through. I said, "Let us do this."

Somebody wrote to me with the question of whether the Ukrainian government may be divided, and I replied, "Perhaps, but if Russia and Europe agree, I do not think the Ukraine can do anything else."

I found, in this situation, that the tension has gone far beyond common sense and beyond a common interest.

P. Lavelle:

Let us talk about common sense and about common values. The forced regime change in February 2014 in Kiev brought to light political elements and a belief system that most of us in this room thought had died out in the 1940s. I am talking about the rise of political elements reminiscent of national socialism and fascism. They are very clear and actually very proud of their beliefs, and their backing of Stepan Bandera, a collaborator with the Nazis, who killed Russians, Ukrainians, Jews and Poles and anyone else they could get their hands on.

Where is the condemnation from Europe about the glorification of a Nazi in Ukraine during the Second World War? Where is the condemnation? Not a word from the Germans. The Poles are slightly nervous, but nobody else.

When the European Union does this, and yet at the same time talks about its higher, more noble values, how can they feel they have the right to lecture Russia?

R. Prodi:

The narrative of that is completely different from how you are describing it.

P. Lavelle:

That is not historical? That is historical. I am a historian by training.

R. Prodi:

It was also different from what the media have been reporting. It is perhaps not so relevant to the situation right now. I am not going to ask you to ask why, because clearly the explanation is a narrow focus on public opinion, political

interests and short-term electoral interests. That was the reason for that behaviour.

P. Lavelle:

Public opinion polls from just before the forced regime change on February 22, 2014, show that only 43% of Ukrainians polled supported the Maidan efforts. That is a minority.

Why is it that in the west, people talk about the nobility of democracy all the time, but when Ukraine has parliamentary elections, the Party of Regions, the Communist Party, are banned from participating, to force the outcome you want. This is what the European Union does quite often with its treaty partners. You vote and you vote until Brussels gets what it wants.

From the Russian perspective, living here, that is a kind of 'democracy on the cheap', even though everyone in Europe says there is a democracy deficit in Russia. How can Europe say that they are superior?

R. Prodi:

My point of view is that you cannot export democracy by force. When the Iron Curtain fell and the Berlin Wall fell, we exported democracy, but through democratic instruments. This appears to be the only case in world politics in which there was a correct exporting of democracy.

P. Lavelle:

But do you not think this was because of the demonstration effect?

R. Prodi:

I am proud to have participated in it, with patience, in a dialogue with the governments and parliaments. It was a very, very tiresome and difficult process, but we did it.

P. Lavelle:

Looking at public opinion polls throughout Europe today, in 2015, apparently Germany is one of the most popular countries in Europe, and in the world. Who would have thought that? It is because of the demonstration effect of living a democracy, a real democracy.

Here, when you say the west looks at dissidents in Russia and they pick who they like, pick who will be the leader, as if to say, "Will it be this dissident or that dissident, that writer, or that person on the CIA's payroll? (Petro) Poroshenko, he is our guy!" or as Ms. Victoria Nuland said, "(Arseniy) Yatsenyuk is our guy." Remarkably, a few weeks later, he is Prime Minister of Ukraine. That derogates democracy around the world, and I not am just talking about Europe and Ukraine and Russia. I could name many other examples where there is a democracy deficit.

You said something earlier, which I would like to go back to. How did the European Union change so much from the time you were on the Commission to now? What went wrong?

R. Prodi:

It is a different Europe. It is a Europe that is afraid. Or rather, when I was President of the Commission, we oversaw the so-called Enlargement, peacefully. We introduced the Euro, and it worked very well until the crisis.

When the proposed Constitution for Europe was blocked by French and Dutch referendum results things started to change, and the populist parties started to gain votes.

Then we had a complete political change. Let us say, all the European governments were afraid of the populist parties. Their reaction to them was to stop common European political progress and to increase their levels of national interest instead. Now, we have a Europe in which people are following populist

parties, such as the National Front with Le Pen, the Chrysi Avgi (Golden Dawn), or the Northern League in Italy. You no longer see long-term interests.

Let me discuss a problem raised by a Chinese political scientist, who asked me, "With this new Europe, any election becomes important, even the most local election, because of the demographic analysis. So now in Europe, you make politics only for tomorrow, and not for the future."

This is the real change we have had in Europe. A change of strength; a change of leadership. In my opinion, this phenomenon did not happen in Germany, because the German Chancellor was politically astute enough as to concede to some requests of the new populist party and to make it in some way compatible with the long-term interests of Germany. But Germany's Constitution also curtails extremist right-wing populist parties. Ms. Merkel was rewarded for these decisions, and now Germany only has a very small populist party, whilst France, Italy, Spain, and the UK among others, are devastated and obsessed by that.

This is changing European policy. It is transforming into an internal policy problem.

P. Lavelle:

There would be many people who would say that the original founders, at least intellectually, wanted to create a political union, because that is the only way it was going to function. Then you can have fiscal union. It makes complete sense and puts all the pieces of the puzzle together. But nobody told the people. Nobody told the people that you were going to be the United States of Europe.

There were a few intellectuals, and it was a great vision. I remember reading about it when I was in graduate school. But they did not ask the people. That is where a lot of the criticism will come from, about where the European Union is at today.

This 'virtuous' democracy has got to the point of being a 'top-down democracy', instead of bottom-up, where certain individuals in Brussels rule absolutely and

simply say, "This is what we must do." You cannot do that in a democracy, you have to ask the people first.

This is another reason for these fringe parties and right-wing parties to come into existence, because they make perfect sense when they say, "We never voted for them." It is a legitimate criticism.

R. Prodi:

You are right, but if the EU Member States do not want a democratic Europe-wide election, you cannot enforce it. Democracy is democracy. You have to also consider the steps that have to be taken. Here, of course, you can imagine how, when we were building the Euro, I, being an economist, was so clear and adamant. I said you cannot grow Europe while keeping to a deficit limit of 3%, and encountered problems when I called the Stability Pact 'stupid', because of the arithmetic involved.

But the answer from the leaders was a wise one. I remember former Chancellor Helmut Kohl at the time telling me, "Romano, you are Italian, and there is a saying that Rome was not built in a day, so we have to be patient, tomorrow we shall progress." He spoke in good faith and wisely, but then the political priorities changed, and we find ourselves no longer in that era.

P. Lavelle:

We are in a different time right now. Being an economist, you mentioned the Euro. Let us talk about Greece. Did it ever enter anyone's mind that this could happen? That being a Member of the EEC, the Eurozone, could turn out to be such a horrific experience for the Greek people? The way things stand now, it is up in the air. There are people, as we are speaking right now, negotiating the fate of that country. It has a lot to do with Russia right now; the fate of the Euro, the European Union. These are amazing times that we are living in now. But did you think something like that could happen when the Euro was being introduced?

I am not looking to blame, but did anyone think of these possibilities?

R. Prodi:

I remember an evening at the European Council when France and Germany, under the Italian Presidency, were saying that they could not respect the criteria. As the President of the Commission, I told them to respect it. When they said, "No", my reaction was, "We have to build a European Court of Auditors in order to control the budgets of the states." Their answer was, "No, this is a national prerogative, and we do not want to spend money on new bureaucracy." My answer was, "We have Eurostat which is already able to do it. Let us tell Eurostat to control the budgets." And they said "No."

Greece was able to cheat without any control. They were able to cheat legally!

P. Lavelle:

No; everybody was lying. That is what happened. Everybody lied, just to get past it all; saying "We will get through it," only thinking about getting through the day into tomorrow.

R. Prodi:

Everybody was lying because nobody wanted to have a superior power that would control the budgets, as I told you before. This is a very simple story. This is the historical mood of the European governments, and this is why I am so worried.

P. Lavelle:

Can you tell us what you think should be done with Greece?

R. Prodi:

A compromise is necessary. It is in nobody's interest for Greece to leave, and nobody wants to be frank enough to admit that Greece will never pay cash for this debt, so there will be a compromise. For a couple of years, we shall go on with this problem. This is the scenario that you have now in Brussels.

P. Lavelle:

It can be resolved very easily. The way it is presented in western media is that there is this poor country, Greece, and its austerity problems. Austerity does not create growth. That is simple. It just means paying the banks, who want their money. Greece takes a loan from the IMF, which they are using to pay the bankers rather than stimulate growth. Why not give the bankers a haircut and get this over with sooner rather than later? Yet that is not happening.

Again, that whole democratic myth is present: it is for the people and the greatness of society. It is nonsense in this instance. It is the banks, and Germany saying, "We want our money back, and we are not going to take a haircut." Merkel cannot say "No" to that. That is the how the political class operates.

It is sold in the mainstream media as something completely different, because it is the manifestation of these myths that we all live by.

Most people do not want to understand that the Top 1% really does exist. That is not a figment of someone's imagination. It is not propaganda, it is true. And countries such as Greece are going to pay for it very heavily until the European Union can find a compromise. I thought it was all based on compromise, but it is not any more.

R. Prodi:

This is because of the reasons I tried to explain before. In my opinion, unless there is an incident, nobody has any interest in pushing Greece out of the Eurozone.

P. Lavelle:

I would like to ask one more question, and then I would like to open up the floor to everyone here for questions.

I am a trained historian of European history. One of the great moments in modern European history was the rapprochement between France and Germany after the Second World War. It is now inconceivable that those countries would ever have a real conflict again.

I would like to ask you, Mr. Prodi, why can the west, after the end of the Cold War, a quarter of a century ago now, not have a rapprochement with Russia?

It seems the historical narratives here, and the historical narratives about what the west is and how it defines itself, cannot ever accept Russia as an equal. Why can it not accept Russia as a partner?

[33:00]

R. Prodi:

You are a historian and so the answer is very simple, since probably you have read all the notes on the conversations between Adenauer, Schuman and De Gasperi. There was an ethical joint action; there was a common ground and a common interest. There was a drama around the war. During the last conversation I had with the former German Chancellor about it, when discussing the Euro, he said to me, "The Germans are reluctant about the Euro, but I want the Euro for many reasons." The first one was unbelievable to understand, but it was fantastic: "Because my brother died during the war." This was the first. Then, "and also because," and he repeated Thomas Mann's statement, "I want a European Germany, not a German Europe." But the first reason was that his brother died because of the Second World War. That was the spirit of the three founders of the Euro.

You are always mentioning the difference in the level of income, in productivity, that is witnessed every day. Yet when the United States had a clearly dominant

economic role in the world, they came up with the Marshall Plan, not out of charity, but out of political intelligence.

The problem now is that German leadership is real, but Germany is reluctant to admit it and reluctant to accept the consequences of leadership, meaning, to optimize common interests in the future.

P. Lavelle:

It seems to me that, historically speaking, the Germans cannot win for losing. If you are too strong, everyone is a bit worried; if you are too weak, everyone is a bit worried. It is a dilemma.

R. Prodi:

Germany is strong for its virtues and not for its vices. This is a different case entirely now. It does not mean that the sense and the consequences of leadership are not still embodied within the nation. Maybe some Germans think that in criticizing Germany, we have a bad opinion of the country. I am an industrial economist, and my model of industry has always been Germany. I do not doubt the industriousness there, but I repeat: Germany is not a model of leadership. But their leadership is real, and they have to solve this problem.

P. Lavelle:

For non-Russians in the room here: May 9th is the day that is considered Victory Day in Russia, in what is called the Great Patriotic War. You probably saw the military parade that goes through Red Square every year on your television screens, and the flyover, and it is all very nice, but there was a second parade that day in which 16 million people participated, all across Russia. They carried pictures of their loved ones who died during the war. Sixteen million people participated in that, and it was voluntary. I saw it in Moscow, and it brought tears to my eyes. The nobility of it all: remembering who perished during the war.

This leads me back to my original question about rapprochement. At least the Germans and the Russians have that in common. The war was horrific for both countries, for the people. It was a people's war in this country.

The Soviet Union won the Second World War in spite of Stalin, not because of Stalin. It was a people's war. That is one of the human elements that is so easily lost in the demonization of this country in western media, that these people lived too, and they sacrificed hugely, and it has been forgotten.

'Saving Private Ryan' did not end the Second World War in Europe.

That is all I have to say. I would like to ask if anyone has any questions here?

From the floor:

Thank you very much, Mr. Lavelle, for this very lively and emotional presentation of the issues we are discussing here.

If Mr. Prodi were still the President of the European Commission, we would not be in the situation we are in today, being punished for building trust, over the last 22 years since the dissolution of the Soviet Union.

We have been building up business, which I represent; we have been building up relationships and friendships. Yet today our friends, our business partners, and our good relationships are looked upon as if we have been dealing with criminals, as if Russia was a criminal state.

This is so ridiculous. In 2013, our Chancellor, Ms. Angela Merkel – I am from Germany – attended this Forum. She was the guest of honour and she was the keynote speaker. This year she does not even send a junior minister to the Forum. So what is wrong? What is going wrong here?

Mr. Prodi, you summed it up very accurately – we are lacking leadership in Europe. While in the past everybody wanted to have a weak Germany, today everybody is looking for a strong Germany. It is just not there, as far as leadership is concerned.

Thank you for your comments, they are absolutely true. I can only approve of it. I am talking about business, and as an investor here, we have one of the largest investors in this country. Our shareholders are international shareholders – almost 50% of them are American even though we are a German company – and we keep looking forward. As you said, Mr. Prodi, we have to look forward. We cannot look back and ask ourselves, [speaks in Russian; 40:33], the famous Russian question, “Who is to be blamed?”

I follow you completely, Mr. Lavelle, in what you said. We have to perform a turnaround of this present situation, though I would not know how. All I know is that we need it desperately, and especially for business.

R. Prodi:

Explain to me why, as Mr. Lavelle said, nobody went to the May Day parade, but there was a crowd of political leaders, starting with Mr. Kerry, visiting President Putin around the day of the parade. They did not want to do it in public, but they nonetheless wanted to keep the dialogue going.

P. Lavelle:

To put it into perspective, what happened was that there were several western leaders who boycotted the military parade, but Russia covered it with masterful PR (public relations). During the Second World War, British sailors were sent to Murmansk. It was a very dangerous journey from Britain to the Soviet Union. They had to go through the North Sea and the Baltic Sea, where there were Germans with their submarines, but the British soldiers just kept going, to supply the Soviet Union. They are veterans now, very old men. All the seats that were vacant due western leaders staying away, were filled with veterans from those western countries that made sure that the Soviet Union was supplied during the Second World War. It was very emotional for Russians to see the veterans. That

is the background to the situation around May 9th and this year's May Day parade.

R. Prodi:

If Mr. Kerry and President Putin discussed the fact that nobody wanted to go to the Parade, and discussed this for four hours, in the days after the Parade, that shows there is still some common sense left. I have some hope, because you encounter moments like these very often during international confrontations. I hope that even in this case there will be progress. Even if you do not think that it is important, a common action against terrorists is necessary if diplomacy is to move forward. But that is another point.

P. Lavelle:

At the same time, President Putin is equated to IS, the Islamic State terrorist organisation, in the western media. It is insanity.

From the audience:

May I ask a question? I remember you were in office during the first Presidency of Mr. Putin. I think Europe has missed the momentum. There was an opportunity to replace NATO with something else. Europe missed the moment to do that, missed its opportunity to form a security pact, to avoid the PLO problems and to solve one of the most important bases, which is the energy crisis with Ukraine. Europe missed the moment when President Putin was ready to do that. And the crisis that we have today would probably have been avoided

I have written many articles in *Le Monde*; in one of them I suggested that we have to prepare a second Helsinki conference. That is probably the only real next step after Minsk II. If the Minsk Agreement can avoid a war, that is good, but then we will have admitted that we face a lot of problems, and we are probably going to launch a second Helsinki. I would like your opinion on that.

R. Prodi:

It could also be easy to have a joint position on some NATO decisions. On my last day in government office, I remember receiving a no-confidence vote for my parliament on the same day. We were in Bucharest, at the NATO Summit 2008, and France, Italy, and Germany said “No” to George W. Bush, who was President of the USA at the time, for an extension of NATO membership to Georgia and Ukraine. That was Europe working with European wisdom, with them knowing they could have brokered a compromise situation, and they did it.

From the audience:

But it was not enough.

P. Lavelle:

The compromise was that they would become members.

R. Prodi:

We said “No”. This is politics. As for the future, I do remember the pressure of America on Europe, but we stuck together and with common sense, said, “Look, why provoke this: NATO must be different, we can guarantee peace if we leave a ‘cushion’ area between us and Russia.” That was our very simple political conclusion, and it was Europe.

From the audience:

I would like to continue on from what you said before. You presented a great concept for the South Stream, to divide it into three parts: Europe, Ukraine and Russia. If these three parties are happy to do it, but it has not happened, perhaps this means that we have a fourth party, who is happy that it has not happened.

R. Prodi:

Perhaps, but I do not understand why in Europe, privately, everyone tells me what a great idea it is. I am speaking with you here in the capacity of a café-style conversation, because I have no official authority. I am simply telling you, “Why? You have these pipes; we do not want to invest EUR 20 billion for a new pipe, so let us make a joint venture.” You are in business. Everyone in business knows: if you can make a return without spending capital, you will get the best profit out of the investment. By building on this and that, we will all make a profit, so let us do it.

P. Lavelle:

But it was the European Union that added the Third Energy Package. It is called ‘changing the rules in the middle of the game’, and it is not a good thing to do. They said, “This applies to you, Russia, but it does not apply to anybody else.” It came out of the blue, and it was designed to stop South Stream.

The Russians continued with it for a while, but when President Putin said they were no longer going to pursue it, the EU was upset and asked why. Russia replied, “We do not need it.”

It is was an appropriate response by Russia. When the EU changed ‘the rules of the game’ at half-time, doubts arose as to the honesty of the EU. Trust was broken.

Anti-ballistic missile defence – we are walking away from it. We do not even have to tell you. That has gone. It was pillar of transatlantic security. Mr. Bush walked away from it. The Russians said, “Do not invade Iraq, you will destroy it. We know Iraq well.” Now it is destroyed. I can go on and on.

When you talk about energy, look at how the rules were changed in the middle of the game. No wonder the Russians do not want to play.

R. Prodi:

There are also other questions. This will be the last one.

A. Khlebnikov:

Hello, my name is Alexey Khlebnikov, I am with the radio outlet 'Russia Direct'.

Talking about the concept of an EU-Russia rapprochement, I would like to ask what you see as feasible steps for how to really improve relations and understanding between the EU and Russia?

R. Prodi:

A changed mindset. The situation as it is right now is nothing short of silly. It is a lose-lose game. The only way out is to use common sense.

I made a proposal; you can have hundreds of similar proposals, in which you isolate an item in which you have a common interest, and then you start building goodwill.

If you do not demonstrate to the electorate that this is a win-win situation, then you will always have people opposing it; it is a stalemate. A stalemate can only be overcome with new proposals. That is why I am looking to the future, and not the past.

I do not think that my proposal is the only one. You can choose from among hundreds of them. Ukraine needs everything: you must also build up a financial package, because otherwise they can become worse than Greece.

I proposed an outcome that does not cost, that makes a gain, and that everybody is interested in accepting, but clearly we cannot overcome the problem by looking at the past. We must build something good for the future. Thank you.