

Putin Says "Yes, We Trust the Euro"

By [The Moscow Times](#)

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President Vladimir Putin said Russia had confidence in the euro and had made the right decision to keep much of its reserves in the European currency.

"I would like to say it outright: Yes, we trust the euro," Putin said, according to a Kremlin transcript of an interview with German public broadcaster ARD before a trip to Germany and the Netherlands.

Putin said that Moscow and the European Union had disagreements, but that the leading euro-zone countries were moving in the right direction in handling the current crisis.

"That gives us confidence that we have made the right move to keep such a considerable amount of our gold and foreign exchange reserves ... in the European currency," said Putin, who is to attend a trade fair with German Chancellor Angela Merkel.

According to most recent available data from the Central Bank, from January 2012, Russia kept 42.1 percent in euro, second to the 45.5 percent share held in dollars.

Prime Minister Dmitry Medvedev said two weeks ago that Russia might need to review the share of euros it holds due to the euro zone's handing of a bailout in Cyprus.

Putin reiterated criticism of Europe's handling of the Cyprus bailout and the idea of imposing a levy on bank deposits, saying: "Forfeiture of investors' funds ... undermines credibility of the banking system of the entire euro zone."

"Did we create that offshore zone?" Putin said of Cyprus. "No, the European Union created it. Or rather, the Cyprus authorities created it, and the EU authorities allowed this."

Russia's banking and corporate deposits in Cyprus amounted to around \$31 billion at the end of last year, according to Moody's rating agency.

Before the visit to Russia's two biggest European trade partners on Sunday and Monday, Putin seemed determined to send constructive signals on economic issues while rejecting foreign criticism of his records on human rights and democracy.

Putin, who signed a law last year requiring foreign-funded nongovernmental organizations deemed involved in political activity to register as "foreign agents," will face questions over inspections of hundreds of NGOs by tax authorities and prosecutors.

Germany complained to Russia late last month about the inspections of NGOs, including two German think tanks, and Dutch Prime Minister Mark Rutte said Friday that he would raise the issue with Putin.

European Union foreign policy chief Catherine Ashton has called the NGO visits part of a "deeply troubling" trend that she said also included legislation curtailing civil freedoms and the prosecution of activists.

"This is not an innovation in international political practice," he said of the "foreign agents" law in the ARD interview, adding that 654 foreign-funded NGOs in Russia had received nearly \$1 billion in a four-month period last year.

"These organizations are engaged in internal political activity. Should not our society be informed of who gets this money and for what purposes?" said Putin, who has often accused the West of trying to weaken Russia over his 13 years in power.

Putin also dismissed criticism of what Kremlin opponents say are moves to roll back democracy since he returned to the presidency last May, pointing to legislation that has enabled more political parties to register.

Defending a law critics say was designed to rein in protests and the prosecution of some who protested on the eve of his inauguration, he said demonstrators must abide by the law.

"There must be order. Chaos must not be allowed," Putin said. "Northern Africa is a vivid example of what chaos leads to. Who needs that?"

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