WAY TO THE STARS
The first rocket launch at Vostochny cosmodrome

TRANS-PACIFIC PARTNERSHIP
What does the TPP mean for Russia?

ISLAND CHALLENGE
Kuril islands: 5 tips for a visitor

NEW HORIZONS
On the photo: city of Khabarovsk
Investment attractiveness of the Far East: the first results of adopted decisions. Last year became a turning point for the Far East, thanks to the introduction of several mechanisms for socio-economic development.

Yury Trutnev: “The Far East should be developed according to a comprehensive plan”. Deputy Prime Minister of the Russian Federation about what the government’s priorities are in the development of the country’s eastern territories.

“Our strategy is to present the intelligence potential” – The Governor of Khabarovsk Krai Vyacheslav Shport.

Kolyma: Gold, water and skiing. The Head of the region, Vladimir Pecheniy shared with ER what is going to be the hallmark of the Magadan region’s projects at the upcoming EEF.

Yegor Borisov: In the last 7 years, we have attracted 1.5 trillion rubles of investments into Yakutia.

Vladimir Miklushevsky: ”Primorsky Krai will showcase its “success stories”.

Vladimir Ilyukhin: “Interest in Kamchatka Peninsula is growing”

Oleg Kozhemyako: “The construction of a Marine station in Korsakov is crucial for the region”

Business Trip: GUIDEBOOK FOR INVESTOR

Regions of the Far East: fisheries, mineral resources, tourism, transport, energy resources, agriculture.

Victor Sumsky: “Cooperation in the area of education is the most important reserve for strengthening relations with ASEAN countries”

“There is a chance, and it is considerable...” Will Russia fit into Chinese projects?

Road to the Stars. On the Vostochny cosmodrome first rocket was launched.

The Kuril Islands: 5 tips for a visitor.

A trip across Vladivostok. Mini-guide to Vladivostok.
Far East to annually receive rup 466 bln for development

Dmitry Medvedev has approved a new version of the state programme Socioeconomic Development of the Far East and Baikal Region for the Period until 2025, the Ministry for the Development of the Russian Far East said in a press release.

The new version of the state programme provides updates to its goals and objectives and also adjusts the indicators and anticipated results from its implementation. The state programme defines the main focuses for the rapid development of the Far East and takes into account earlier work and new mechanisms for the development of the macro-region such as priority development areas, the Free Port of Vladivostok, infrastructural support to major investment projects and preferential financing from the Far East Development Fund. The state programme entails an increase in federal budget funding to RUB 466.52 billion in 2016–2025.

“The state programme should become a comprehensive managerial tool that aims to improve the level of the Far East’s socioeconomic development. This also includes attracting domestic and foreign investment, the realisation of the macro-region’s human resource potential and the creation of new high-tech jobs above all for the residents of the Far East themselves. This is all being done so that people want to live and work in the Far East,” Minister for the Development of the Russian Far East Alexander Galushka said.

A Russian-made rapid passenger vessel to be presented at the Eastern Economic Forum

During the Forum, an A45-2 class vessel made at the Khobarovsk Shipbuilding Works will be berthed in Russky Island’s Ayaks Bay. The new model can reach speeds of up to 70 km/h and carry up to 100 passengers. Such vessels may be used in shallow waters and can berth at unequipped parts of shores. Several of the A45-2 project vessels have already been ordered for the region but the plant needs a greater loading. The ship will be demonstrated to potential buyers at the EEF.

A. Galushka: any private investor in the Far East receives administrative support

Resolution on amending the methodology for selecting and supporting investment projects, signed by Prime Minister of the Russian Federation Dmitry Medvedev, allows any private investment project to receive administrative support and the official status of participant in the state programme for socio-economic development of the Far East and the Baikal region, according to a Ministry for the Development of Russian Far East press release.

“Any investor in the Far East is important to us and, at their wish, we are prepared to develop an individual Road Map for the project consisting of administrative support measures, to resolve specific problems and assist in successful implementation of the project. Any investor wishing to take advantage of this form of support may do so,” A.Galushka stressed.

According to the Minister, adoption of the Russian Government Resolution is another step toward practical implementation of the new version of the state programme for development of the Far East, which priorities private investment.

Yury Trutnev: value of contracts at second Eastern Economic Forum to exceed rup 1 trillion

The Deputy Prime Minister, Presidential Plenipotentiary Envoy to the Far Eastern Federal District and Chairman of the EEF Organising Committee shared his expectations for the upcoming Forum.

“According to preliminary estimates, we have already harnessed roughly RUB 900 billion under various agreements this year. I think we will definitely get that up to a trillion. That means new jobs, and a new economy for the Far East. We are aiming for the Far East to be a comfortable place to live and work, for there to be lots of roads, power lines, water pipelines, for the infrastructure to be raised to a level which can ensure the necessary conditions for creating new businesses,” said Trutnev.

He noted that the EEF would give a major boost to the development of the Russian Far East. “Today, dozens of new enterprises are being built. That’s great, but it doesn’t mean we’ve achieved our goal. We will have achieved our goal when everyone living in the Far East feels that life has become better. As such, the Forum is a further step in the development of the Far Eastern region,” he said.

Eastern Economic Forum to host charity auction to support rare and endangered animals

The event will take place at the initiative of Russian Deputy Prime Minister and Presidential Plenipotentiary Envoy to the Far Eastern Federal District Yury Trutnev. The HelpRussianNature charity auction will take place from September 2–3, 2016 at the booth of the Russian Ministry of Natural Resources and Environment and also at the official HelpRussianNature website.

A wide variety of items will be offered at this year’s auction. Bidders will have the opportunity to spend a day on set with Danila Kozlovsky, attend master classes for martial arts fans conducted by Konstantin Tszyu, Batu Khasikov and Nikolai Valuev, and receive autographed boxing gloves. One of the most extraordinary opportunities being auctioned is the chance to give a name to a 136.24-carat diamond presented by the company Afrosa, one of the largest stones discovered in the company’s history. In addition to naming the diamond, the winner will also be able to give names to Far Eastern leopards as the symbolic custodian of a leopard from the Far Eastern Leopards autonomous non-profit organisation.

Several lots consist of fascinating tours of nature reserves in the Far East. Russian Minister of Natural Resources and Environment Sergei Dorokov will travel to any of the Russian nature reserves with the person who acquires the corresponding lot. Sculptures of Far Eastern leopards and Amur tigers in their original colour, which were produced as part of the Wildcat Parade environmental project, will be offered as special lots at the auction. The lots are being offered by the heads of regions of the Far Eastern Federal District, nature reserves and national parks of the Far East, environmental non-profit organisations as well as prominent cultural and sports figures such as Danila Kozlovsky, Konstantin Tszyu, Ilya Lagutenko, Batu Khasikov, Nikolai Valuev, Pelageya, Anatoly Karpov, Boris Efman and Yulia Chicherina, among others.
Supervisory Board of the Free Port of Vladivostok Approves 36 Resident Applications

The meeting was chaired by Deputy Prime Minister and Presidential Plenipotentiary Envoy to the Far Eastern Federal District Yuri Trutnev. “So far, there are 60 companies resident in the Free Port, with investments totalling over RUB 110 bn”, Yuri Trutnev noted. 14 of the 36 companies chose the Vladivostok urban district as their location, while the other preferred other parts of Primorsky Territory. In particular, an industrial park has been set up in the Ussursk Area for production of packaging cardboard and corrugated packaging materials; production of foamglass blocks is to be launched in the Olginsk District. Household chemicals are to be manufactured in Artem with involvement of South Korean investors and netmaking in Bolshoy Kamen. Many residents are small and medium-sized businesses. In the opinion of Primorsky Territory Governor Vladimir Miklushevsky, the rise in the number of application from potential investors is explained by the simplified procedure for registration of residents of the Free Port of Vladivostok. A potential resident has to meet certain criteria: to register the new business at the Free Port of Vladivostok with at least RUB 5 m in investment over three years.

Japanese company plans to invest in timber mill in Sakhalin. A Japanese investor may open a new sales market for the timber mill.

Japan-based Ida Group Holdings, specialising in private housing construction, multi-family houses and in production of sawn lumber, plans to become a co-investor in a timber mill construction project in Sakhalin. This became known after the meeting between Deputy Chairman of the Regional Government Dmitry Nesterov and representatives of the Japanese holding company, as reported by RIA Sakhalin–Kuril Islands. After reaching the planned production capacity, the annual volume of harvested timber will amount to 747 thou cubic m. At least 50,000 wooden house structural elements, 150,000 of export-quality cut and dried lumber pieces, 100,000 cubic m. of wood pallets and chips will be produced. “This is a big investment project to develop wooden house building in the north of Sakhalin, to be operated by BM-Sakhalin, JSC, with the Khabarovsk-based BM Group and the Sakhalin government as its main stakeholders”, Mr. Nesterov describes. The Japanese partners might chip into the operating business as shareholders. They will provide an additional sales market for the lumber and will also share up-to-date stockpiling and milling technologies. The sides agreed to meet once again in late September – early October this year to make a final decision.

A Russian-Chinese agreement on exchange trade in fish to be sought at the Eastern Economic Forum

A special Forum session “Aquatic Bioresources in Exchange for Investment” will be devoted to development of the fishing industry complex. A number of agreements will be concluded at the EEF with investors for fishing industry projects, according to the press services of the Primorsky Territory Administration. In particular, the Far East Fish Auction House and the Lianing industrial corporation Jun Tsen Group are to sign a contract on exchange transactions in the fishing sphere, involving investment of RUB 2 bn. TINRO Center plans to open an enterprise for catching and processing Far East sardines and Japanese mackerel at enterprises of the Far East fishing basin, with investment of RUB 7.2 bn. After the Forum, a project will be launched for creating a high-tech production enterprise for processing sardines, mackerel, Japanese anchovies and Pacific squid, with investment of RUB 1.6 bn, a project for construction of a complex for basin breeding of fish with a capacity of up to 200 tonnes a year, and a project for creating a technopark for Antarctic krill.

Chinese companies seek real investment projects at the Eastern Economic Forum

Chinese investors are anticipating a lot from the Forum, TASS informs. Chinese entrepreneurs hope to meet with heads of the Administrations of various Russian regions, establish contacts and find business partners for joint production with Russian companies, stated Deputy General Secretary of China Overseas Development Association Mr. He Zhenwei. Mr. Zhenwei stated that Chinese companies intend to acquaint themselves with real investment projects at the Forum. “For instance, there are energy, agriculture and infrastructure sectors, but we need specific investment projects for building new transport hubs, revamping transport facilities, laying new roads and constructing new plants. We attach great importance to the Eastern Economic Forum, given that Russian top leaders are expected to attend. On the sidelines of the Forum, our companies hope to get better acquainted with the policy pursued by the Russian Government in the region, the specifics of special economic zones and how they work”, he went on.
Yury Trutnev: “The Far East should be developed according to a comprehensive plan”

Deputy Prime Minister of the Russian Federation, Presidential Envoy to the Far Eastern Federal District, talks about what the government’s priorities are in the development of the country’s eastern territories.

— Yury Petrovich, could you tell us, please, what are the key issues of the Far East today?

— As I often travel through the Far East, in particular, I spend nearly 50 percent of my working hours there, I have seen first hand how people live in the distant settlements. Frequently accessible only by seasonal roads, with damaged airports or even without them. With infrastructure that was built 30 years ago and is simply being destroyed by strong winds. The housing stock is in absolutely disgusting conditions. The construction works are still occurring this year, the outflow of population from the region has virtually stopped, hence, we are on the right path.

— How do you evaluate field work? The foreigners complain about Advanced Special Economic zones (ASEZ), and government officials cannot explain it to them.

— From the outset, as the task was set, we did not start working within the existing familiar procedures. Because if we had done so, we would have to apologize to the President and the public today, bow from the waist and say that we did nothing. We proceeded immediately from the fact that we had to create a new strategy, new instruments and a new business practice. We could not expect that everyone would suddenly agree with us, that every government official in the entire territory of the Far East would stop living as they lived before. It would be strange if they began working entirely on supporting businesses, for the development of the economy and for the country.

— The scale of declared investment will be attracted thanks to the fact that we are inventing all these instruments and mechanisms of support, not just to report to our superiors, but to help people live better in their regions. The Far East is huge, Russia is huge, and a lot of work needs to be done. Currently, more than 200 enterprises are being constructed with state support, although, it is not being done in every settlement. Moreover, the construction works are still at the initial stages. Nevertheless, we have witnessed the people’s reactions, they understand that there are more and more changes happening every year.

— The scale of declared investments into the region has already exceeded 1 trillion rubles. The President signed a new legislation on tax benefits. How much investment will be attracted thanks this new legislation?

— Unfortunately, the scale of declared investment indicates that the investor only promised to build a factory, contributing some money in 2016, and an additional sum of money in 2017, but they do not fulfill their promise. The investor does not turn around and leave. Gradually over time, we win converts. The vast majority of the governors are our partners. They are acutely aware of the fact that we are inventing all these instruments and mechanisms of support, not just to report to our superiors, but to help people live better in their regions. The Far East is huge, Russia is huge, and a lot of work needs to be done. Currently, more than 200 enterprises are being constructed with state support, although, it is not being done in every settlement. Moreover, the construction works are still at the initial stages. Nevertheless, we have witnessed the people’s reactions, they understand that there are more and more changes happening every year.

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money in 2017. The factory will be built, for example, in 5 years. And if we summarize all these investments, we reach a total of approximately 1 trillion rubles. If 1 trillion rubles had already been raised, we would have felt it. We will certainly attract these trillion rubles and will certainly feel its effects, however, this will take a few years.

Large systems – and the Far East, naturally, is a large system – have considerable inertia. And when I was entrusted with the task of developing the Far East, I thought a lot about how much time it would take to overcome this inertia. There were different concepts as to the time frame for this process, but I’m bold to state that the locomotive is on its way.

– You were authorized to create a Working Group on the Development of Komsomolsk-on-Amur. Do you already know who will be the members of this group, and what will be its tasks?

– Komsomolsk-on-Amur is a marvelous city, where people build great airplanes. On the other hand, it is the city that has been left behind, in terms of the processes of development of social infrastructure. The federal executive government bodies, with investments totaling more than 62 billion rubles, will participate in this program. Our task is to draw up a schedule: what, when and where things will be constructed. Then we will stick to this schedule. The event has occurred – the school should have been constructed, show it to us. If it was not constructed – we would write a report to the Chairman of the Government, and he would punish the deputy minister. After being punished a few times, they would be suspended from that post. A new, energetic, intelligent minister comes – and we achieved more under his/her command.

– Recently you have returned from Asia. Does small business express interest in the Far East?

– The interest of the Pacific Rim countries in working in the Far East is growing rapidly. For the time of my work, I have never had such meetings as I had in Japan. In my opinion, the Japanese have demonstrated an absolutely strong interest in collaboration with Russia. I am confident that this is the result of meetings between the Prime Minister of Japan Abe and the President of the Russian Federation Vladimir Putin to a large extent.

– And what areas of investment cooperation between Russia and China do you consider as the most important?

– It seems to me that there are no most or least important areas. From time to time they tell us, especially when we start moving forward, and introduce some new mechanisms: “What did come up with? Do you really think that you will manage to develop the Far East due to this mechanism?” We reply: “No, we will not manage to develop the region using only this mechanism. We will develop the Far East using various instruments, and this is only one of them.” The same applies here.

Food production, logistics, manufacturing – today there are many areas that can play their role. And there are many details. For instance, transport corridors cannot work without changes in customs regimes. In this case, they are simply not needed. Because the distance will be shorter, but the time frames – longer, due to the procedures. Therefore, this entire road consists of details which should be taken into account every day – concerning the Freeport, the Far Eastern Hectare, the Program of Development for the Kuril Islands, Komsomolsk-on-Amur, and many other issues. To be perfectly honest, we need such a mechanism to manage the development process. We have created it within the Ministry of Development of the Far East and all of its support-ive institutions. Today the mechanism should be mastered completely, then we will definitely win.

– Do you the Eastern Economic Forum is becoming a good tradition?

– The Eastern Forum was held only once before. However, it is finally evident that the decision had been taken in the right place and at the right time, because it had already become an absolutely anticipated event. And now, when we were inviting investors to the Eastern Forum, they no longer asked – what was it? What does the program include? The people said: “To Vladivostok? In autumn? Of course, we’ll be there”. We are confident that our content will be interesting and competitive. That we will give people the information that will help them run their business and interact with us better. We urgently want to obtain feedback, because we have some ideas, but we are not doing everything perfectly correct, there is certainly room for improvement.

(Based on materials of Rossiyskaya Gazeta and TASS press releases)
The Street of the Far East

What can participants of the second Eastern Economic Forum see at exhibition organized on the waterfront of the FEFU campus.

In the beginning of September at the waterfront of Ajax bay in the territory of Far Eastern Federal University Campus will host the exhibition “The Street of the Far East”, timed to the second Eastern Economic Forum. The purpose of the exhibition – to show visitors the diversity of activities and the full potential of the Far East.

The exhibition presents Far East regions and their main achievements. As Deputy Prime Minister of Russia and Presidential Envoy to the Far Eastern Federal District Yuri Trutnev said, the main purpose of the exhibition is to show Russian Far East: nine regions, over 40 ethnicities constitute common history of one third of the biggest country in the world.

The participants of the Eastern Economic Forum will see the project for oil production in the shelf area and the Vostochny Cosmodrome; military helicopter that is produced in Primorye and the unique nature of Kamchatka, diamonds of Yakutia and gold nuggets from Magadan.

This festival has become a tradition of the forum. This year’s participants measures will be introduced to pavilions of nine regions, with stands of relevant federal departments involved in the development of the Far East.

The special guest of the exhibition is the Crimea.

EastRussia publishes information on the most interesting objects in the exhibition.

Amur region
Exhibit-interactive section “Albazino fort” exposes the history and spirit of Amur Region. Visitors are able to fancy the real fort look.

Jewish Autonomous region
Exhibition pavilion concept of the region in the framework of the project “The Street of the Far East” will look in the form of a rainbow arch.

Magadan region
“The Kolyma nuggets” – the unique collection of gold nuggets mined in Magadan oblast. There will be organized the exhibition – sale of jewelry, made in the Kolyma enterprises.

Kamchatskiy krai
The pavilion name is “Kamchatskiy krai – in harmony with nature”. The Central Hall is designed as a stylized volcano, inside which you can see samples of real lava and volcanic sand from the beach of the Pacific ocean.

The unique 3D-photo exhibition meets guests of the pavilion. Such large 3D-photographs are printed for the first time in the world.
regions

Primorsky krai

The exhibition hall is designed in the shape of a lotus. Lotus is one of the most popular symbols of the Primorsky Territory and Eastern Economic Forum, it’s used in the Forum’s official emblem.

Sakhalin region

Inside the exhibition pavilion our guests will have the chance to ski, to get acquainted with the history and culture of the Sakhalin region, to see the breathtaking beauty of nature and even to go fishing for a while.

Khabarovsky krai

Inside the exhibition booth the visitors using interactive multimedia equipment (touchscreen panels) can get acquainted with the socio-economic development of Khabarovsky Krai, achievements in the field of high technology, rich cultural heritage and tourist potential. The special place is given to the comprehensive development plan of Komsomolsk-on-Amur.

Chukotka Autonomous area

Two mobile models of an animal (full-scale), narrate each of which about features of physiology and behavior of a bear female and bear male.

The Sakha Republic (Yakutia)

Inside the pavilion there is the original cub of a cave lion aged more than 10 thousand years (the only discovery of preserved cave lion in the world). In the center of the pavilion – a light table in the form of a diamond, filled with diamond-shaped candies.

Republic of Crimea

The forum’s guests and participants are able to taste the best wines by the Crimean and Sevastopol manufacturers from such plants as Massandra, Novyi Svet and Inkerman.
Ministry of Natural Resources and Environment

The ecological path around the central pavilion will host an outdoor exhibition with information about the possibilities of ecotourism in the Far East and photos of the beauties of the Far East nature. Guests of the exposition can also take photographs on the background of protected landscapes and animals of the region and share their photos on social networks with the #ДАЛЬНИЙВОСТОРГ hashtag.

Ministry of Culture


Ministry of Industry and Trade

Open Exposition of the Ministry of Defense and Trade of the Russian Federation together with Russian Helicopters, JSC will present the Ka-52 Scout-Attack Helicopter. Ka-52 was created to destroy armed and protected (among them are mobile) land objects, slow-speed air targets and enemy fighters, as well as to performs tasks on reconnaissance and guiding a group of attack helicopters.

Ministry of Agriculture

The Ministry of Agriculture of the Russian Federation is demonstrating the dynamics of development in top priority sectors of agribusiness in the Far East, presenting more than 120 major investment projects and introducing the best products made at regional food-producing enterprises.

Fish market

Best chiefs

Show-tasting

POT SHOW
Cooking station with a giant 120-litre pot. Audiences watch the process of cooking of traditional soups of the Far East together with theatrical performances.

BROILING RACK SHOW
A unique mobile broiling rack and slow simmering technique. Audiences watch how to cook a whole bull, big fish, wild animals and other local specialities.
Investment attractiveness of the Far East: the first results of adopted decisions

Last year became a turning point for the Far East, thanks to the introduction of several mechanisms for socio-economic development: Advanced Special Economic zones, free ports, as well as funding programs of the ‘Far East Development Fund’ and state subsidies for infrastructure all began to operate. By the end of the year, we may say that the adopted measures have brought about positive results.

In addition, business has often turned away from investing into Far Eastern projects due to the lack of necessary infrastructure. Now the state is ready to provide appropriate support by allocating investments from the budget for the construction of required facilities. The key thing here is that regional governors play an important role in implementing the projects while simultaneously working on creating ASEZs and looking for investors inside and outside Russia. In general, the new mechanism is a more complex and sophisticated approach as compared to SEZ, which helps to attract investors.

Free port – free business
Another special mechanism for the development of the Far East is a free port regime that offers a range of tax incentives and customs preferences for entrepreneurship. The pilot area of the project is the Free port of Vladivostok which united 15 municipalities in the south of Primorye. The relevant law (No. 212-FZ ‘On the Free Port of Vladivostok’) entered into force on October 12, 2015, and now the interim results of the port operations have already received a positive assessment of the work of both the federal government and the business community.

The status of a free port was granted to the Vanino port, the Korsakov port, and the port of Petropavlovsk-Kamchatsky

The successful example of Vladivostok contributed to the extension of this regime to other ports of the Far East. As a result, the status of a free port, according to the amendments to the federal legislation, was granted to the Vanino port in the Khabarovsk Territory, the Korsakov port in the Sakhalin Region, the port of Petropavlovsk-Kamchatsky in the Kamchatka Territory and the Polar Port of Pevek in the Chukotka Autonomous District, while one more territory, the Lazovsky district, was incorporated into the Free Port of Vladivostok. At the moment the new free ports are collecting bids from potential residents. In the meantime, 15 residents are willing to enter the project of the Port of Vanino contributing the investment totaling 70 billion rubles. Thus, free ports are springing up...
In the first quarter of 2016 – investment in fixed assets for the Far East amounted to 101.8 % (around Russia – 95.2 %). The Far East as one of the leaders in terms of investment volume is China. Its representatives are ready to invest about 163 billion rubles (16 billion yuan). According to statistics, the Far Eastern regions have not yet experienced a steady growth of investment in fixed assets. In 2015, investment in the Far Eastern Federal District amounted to 99.6 % of the volume registered for the same period last year (885.7 billion rubles), which is still better than the result for the whole of Russia (91.6 %). A more optimistic picture was recorded in the first quarter of 2016. The investment in fixed assets for the Far Eastern Federal District saw a slight growth – 101.8 %, while for the whole country it is still a decrease (95.2 %). Even today, we can expect that in 2016 there will be a positive dynamic in investment in the Far Eastern Federal District. The climate in the Far East is gradually improving due to various mechanisms, which provides incentives to a growing number of entrepreneurs. The current results of 2016 inspire cautious optimism and give reason to believe that the standing of the macro-region has become much better than in other federal districts. Investors cannot remain indifferent to a wide range of opportunities in terms of funding conditions and preferential support as they understand how serious are both the economic potential of the Far East and the state intentions. One of the main priorities is still attracting foreign investors and businessmen from other regions of Russia, as well as the creation of new projects, even small ones, from scratch. However, the expansion of the capacity of existing enterprises also contributes to the development of the Far East. Nevertheless, the macro-region is still at the very beginning of a radical change of the investment climate.
declared within the Advanced Special Economic zones (ASEZ) as some of our «success stories». We can say, with a certain level of confidence, that these projects will be implemented, as the construction equipment is already working at these sites. I mean here both the Mikhailovsky Advanced Special Economic zone and the Nadezhdninskaya ASEZ. Sure, we are in the process of building of Zvezda Shipyards. This is our third ASEZ – the Bolshoi Kamen, established in Primorsky Krai by the decree of the RF Government. All three Advanced Special Economic zones are extremely important for us, because they provide new jobs and production facilities. This will deliver an increased tax base and obtaining more money to the Krai’s budget as a result, and then these funds will be allocated towards further regional development to improve the quality of life. I also expect that these new opportunities will attract economically active people from other regions of Russia.

Moreover, we will for sure present at the Forum the projects of the Free Port of Vladivostok. On August 22, the fifth meeting of the Supervisory Council took place, where 36 investment projects were approved, in addition to the 60 residents already operating there. This will bring the total of all investments of the 96 companies to 125 billion rubles. Registration process has been simplified as much as possible, however, a resident company will only receive benefits in terms it constructs something.

In addition, at the EEF the Primorsky Krai will present 29 investment projects, 5 of them will take a «pitch-session» format. These are such large-scale projects as the modernization of the biggest refrigerated port terminal of the Far East, located in Vladivostok, the construction of a pig farm, a tourist recreation cluster of the Primorskyoye Koltso and the factoty that will produce energy efficient materials. We hope that initiators of these projects will manage to find interested investors at the Forum.

– One block of the EEF’s business program will be dedicated to the opportunities available to investors in the Far East, including those provided by the Advanced Special Economic zones and the Free Port. What industries is the Primorsky Krai focusing on within the framework of launching of those sites?

– All the Advanced Special Economic zones in the Primorsky Krai are created, based on the principle of priorities and needs of the regional economy. Obviously, this is transport and logistics sector.

We have the Trans-Siberian Railway here, we have a developed network of automobile roads, there is a modern international airport, and all ice-free ports in the Russian Far East are located here. Therefore, it is quite logical that the multi-functional production and logistics site of the Nadezhdninskaya Advanced Special Economic zone appeared here. We planned to locate nearly 30 enterprises on its territory, and the site is almost full already. The investment volume already amounts to nearly 7 billion rubles. Implementation of the Law on the Free Port of Vladivostok opens huge opportunities for the development of transport

The Primorsky Krai is among the leaders in terms of economic development in Russia’s Far East: within just one year since the last Forum, the region has demonstrated great dynamics in the implementation of successful projects. Governor Vladimir Miklushevsky talks about what the Primorsky Krai will be presenting at the Eastern Economic Forum 2016.

– Vladimir Vladimirovich, in 2016 the Primorsky Krai will host the Eastern Economic Forum for the second time already. Have you prepared any surprises for visitors?

– The EEF is one of two presidential-level forums in Russia. It is a very important venue for attracting investment not only to the Primorsky Krai, but also to the entire Russian Far East. This year we are expecting up to three thousand participants, which is twice as much as came last year. Both the city and the Krai are exercising active preparations: we are inspecting hotels and restaurants accredited for the Forum, preparing venues and cultural event programs. I would like to mention that this year guests would have an opportunity to visit the Oceanarium – a unique and extremely interesting place.

– What projects and proposals will Primorsky Krai be presenting at the Forum?

– First of all, we will be presenting projects that have already been declared within the Advanced Special Economic zones (ASEZ) as some of our «success stories». We can say, with a certain level of confidence, that these projects will be implemented, as the construction equipment is already working at these sites. I mean here both the Mikhailovsky Advanced Special Economic zone and the Nadezhdninskaya ASEZ. Sure, we are in the process of building of Zvezda Shipyards. This is our third ASEZ – the Bolshoi Kamen, established in Primorsky Krai by the decree of the RF Government. All three Advanced Special Economic zones are extremely important for us, because they provide new jobs and production facilities. This will deliver an increased tax base and obtaining more money to the Krai’s budget as a result, and then these funds will be allocated towards further regional development to improve the quality of life. I also expect that these new opportunities will attract economically active people from other regions of Russia.

Moreover, we will for sure present at the Forum the projects of the Free Port of Vladivostok. On August 22, the fifth meeting of the Supervisory Council took place, where 36 investment projects were approved, in addition to the 60 residents already operating there. This will bring the total of all investments of the 96 companies to 125 billion rubles. Registration process has been simplified as much as possible, however, a resident company will only receive benefits in terms it constructs something.

In addition, at the EEF the Primorsky Krai will present 29 investment projects, 5 of them will take a «pitch-session» format. These are such large-scale projects as the modernization of the biggest refrigerated port terminal of the Far East, located in Vladivostok, the construction of a pig farm, a tourist recreation cluster of the Primorskyoye Koltso and the factory that will produce energy efficient materials. We hope that initiators of these projects will manage to find interested investors at the Forum.

– One block of the EEF’s business program will be dedicated to the opportunities available to investors in the Far East, including those provided by the Advanced Special Economic zones and the Free Port. What industries is the Primorsky Krai focusing on within the framework of launching of those sites?

– All the Advanced Special Economic zones in the Primorsky Krai are created, based on the principle of priorities and needs of the regional economy. Obviously, this is transport and logistics sector. We have the Trans-Siberian Railway here, we have a developed network of automobile roads, there is a modern international airport, and all ice-free ports in the Russian Far East are located here. Therefore, it is quite logical that the multi-functional production and logistics site of the Nadezhdninskaya Advanced Special Economic zone appeared here. We planned to locate nearly 30 enterprises on its territory, and the site is almost full already. The investment volume already amounts to nearly 7 billion rubles. Implementation of the Law on the Free Port of Vladivostok opens huge opportunities for the development of transport...
and logistics sector. According to expert estimates, by 2025 the special economic zone of the port will increase the Gross Regional Product by more than 2.5 times. The capital investments will also grow 2.5 times. What is also important, the number of jobs in the regional economy will increase by 30%. The key macroeconomic project of the region is the Free Port of Vladivostok – a national transport corridors Primorsky Krai-1 and Primorsky Krai-2, which have already mentioned. Shipbuilding is one of the most promising industries in the region, and currently we are constructing the Zvezda Shipyards, which will produce even ice-class vessels. The Bolshoi Kamcn Advanced Special Economic zone was established on its base; its private investments would amount to nearly 140 billion rubles.

Agriculture is also of strategic importance for the Primorsky Krai. The Primorsky Krai’ s Mikhailovsky Advanced Special Economic zone specializes inhosting modern agro-industrial production facilities, engaged in full-cycle processing, storage and logistics of products. Six companies have already become its residents: Rusagro-Primorsky, Mikhailovsky Trans, Primorsky Bacon, KhorolAgroHold, Dalnevochnoye Selskokhozyaistvennaya Kompaniya and Chernigovsky Agroholding. The total amount of investments made by the residents has already surpassed 9 billion rubles.

– Tourism is also an important industry for the Primorsky Krai. What future development prospects do you see for this industry?– Tourism really is one of the priority industries for the Primorsky Krai. Our huge advantage is the unique natural environment, which attracts tourists from all over the world. This is the Ussuri Taiga in the North, and sea beaches and islands in the South. Primorsky Krai is in high demand among tourists from the Asia-Pacific Region also because it is the largest center of European and Russian culture in the Pacific Region. We have the famous Mariinsky Theatre, as well as museums and art galleries with unique collections. In early September there will take place a grand opening of the Oceanarium, the biggest one in Russia and one of the two biggest oceanariums in the world. Subdivisions of the Hermitage, the Russian Museum and Tretyakov Gallery will soon open here. Every year the Primorsky Krai records an annual increase in incoming tourism of 9% and of 11-17% in domestic tourism. In addition, we are among the leaders considering the volume of incoming tourism within the agreement between the Governments of Russia and China on visa-free group travel. According to the last year results, the flow of tourists visiting the region under this agreement has grown twice, and this trend remains strong. By the year 2020, we are planning to become a full-cycle international regional tourist hub in Russia and the Far East with up to 10 million tourists coming annually. The Primorsky Krai has already established the necessary conditions to achieve this: there is a tourist market of the Asia-Pacific Region nearby, the fastest growing one in the world with about 120 million tourists travel annually just from China. One more advantage is represented by the unique preferences provided by the Free Port of Vladivostok. This will help us create travel routes from Asia to Russia and back. Inter-regional routes inside the Far East and across Siberia are also in high demand now. The Vostochnoye Koltso project was presented at the Second Pacific Tourist Forum this past May. Its idea is the following – a tourist can use a package tour and visit the most amazing places of the regions in just a few days. For example, the Marinsky Theatre, then the yew grove on Petrova Island, and later go to Khabarovsk Krai or to Kamchatka Peninsula.

– Many participants of the Forum are interested in the integrated entertainment resort Pri-more. During the last EEF, one year ago, its first complex was not yet in operation. However, this year, as we already know the guests plan to visit this resort. Is this one more success story for the Primorsky Krai?

– The first complex of the resort now can accommodate 500—600 people per day, and over 130,000 people have already visited it since its opening. Every year it brings in 140 million rubles of taxes to the regional budget. Now, in addition to the first working complex, construction work on four more hotels is about to start. We plan to build 22 of them. This is a challenging task, we schedule the completion of the project to the year 2025.

– Overall, this is a good thing. However, you should also understand the following: when infrastructure is completed, many more services will become available. The practical experience of Las Vegas and Macao shows that, with time, a bigger part of revenues shifts from gambling to the area of additional services: accommodation, entertainment, shopping, business tourism and other ones. For example, the current ratio in Las Vegas is 70/30. It means, gambling accounts for only 30% of the revenues.

– During a visit to the gambling zone with Deputy Prime Minister Yury Trutnev, we discussed with investors the questions they were interested in. For example, establishing a customs tax-free zone. We do not have anything like this in Russia yet. We should consider establishing this, at least in a trial mode. We would like to have the Primorye Gambling Zone hosting the first project of this kind.
“Our strategy is to present the intelligence potential”

The Governor of Khabarovsk Krai Vyacheslav Shport about what the region will present at the EEF

Did the Eastern Economic Forum actually become an equal platform for expanding the possibilities of regions when it comes to investment attraction; what do big business representatives look for at such events, and what unique conditions is Khabarovsk Krai able to offer them – tells Governor Vyacheslav Shport.

– One year has passed since the last Eastern Economic Forum was held. Is it already possible to summarize the performance of agreements reached back then?

– The First EEF, on the one hand, turned out to be very fruitful, in terms of signed memorandums of understanding and agreements. On the other hand, it was a kind of introductory meeting for investors. We have already initiated active work on most of the projects first voiced at the EEF. For example, on the sugar plant, a project of a Thai investor. Last year, they said that such a project would be interesting, we signed an agreement, and today we are examining this issue in detail. We met the company’s representatives in Singapore, and at the second EEF they intend to arrive with a ready designed solution, and we are ready to provide for this plant. Here is a specific example of a project with significant amount of investments – USD 200 million at the first stage, when the sugar production line will be created, and at the second stage it is proposed to already move to sugar derivatives as well, and it is a brand new level.

– Were there any changes in the sphere of accelerated development of the Far East during this past year?

– There is something very important for us – at the first forum, the Free Port of Vladivostok was mentioned, and now there is also the Free Port of Vanino already. During this time, we managed to initiate a proposal and to validate it, to defend it and to get approval from the President of Russia. This year at the forum we will present what directions may be developed in the Vaninsky District.

– What other new sites and projects will be presented by the region?

– We will present, for example, the Komsomolsk-on-Amur Aircraft Factory – the leader of aircraft engineering – through such innovations as assembling workplace of the assembler-riveter. All forum guests will be provided with a possibility to approach a work bench and to assemble the model of the Sukhoi SuperJet-100 aircraft from parts – to rivet it fast and to take it home. Such actions, first of all, are a good way to introduce Khabarovsk Krai to the people, and secondly – a possibility to take something home as a tangible memento. The most advanced technologies will also be presented interactively, such as real know-how – assembly instructions for one very complicated unit of the aircraft will be printed on the screen. This is a brand new theme, it has never been presented by anyone before; I think it will be interesting.

– So the bets are placed on external effects as well?

– Our pavilion is built in the form of a cube. It embodies the idea of intelligent production, different mathematical formulas used during aircraft designing are reflected on it. This is our strategy – everyone has to see that people with high IQs live in Khabarovsk. Our region is not intended for simple ground boring.
The Project is implemented on Public-Private Partnership terms in shape of a concession and oil pumping. We are sending a signal – let’s build production facilities. The first thing people coming with industrial projects ask – is not even land plot allocation, land plots go without saying. They ask: “Do you have staff and training facilities?” We have an entire system of personnel training and retraining here, and when an investor sees this, then specific talks start.

– And what else, except aircraft, can the Khabarovsk Krai surprise people with?

– There will be one more exhibit – the so called, full sized exhibit. The first vessel of the project A-45-2 constructed by Khabarovsk Shipyard, ordered by the government of Khabarovsk Krai, will be exhibited at the docks of Russky Island. It is unlikely that someone else has done something similar during the last few years in our country, and it is unlikely that some constituent entity of the Far East will be able to present something similar. This is a natural sample of success of our shipbuilding, and it will show that our region is tailored for production in any knowledge intensive industries. This will be the sense of all our exhibits, both real and virtual. My position is steadfast: the most important thing – is the person and his intelligence, which may be used to make life better. If there is no intelligence, someone can, let’s say, run around the exhibition with a shovel, but will not be able to convince anyone of anything this way. And we will show that our residents can create highly intelligent products.

– Are you planning to sign new cooperation agreements or execute certain investment projects?

– There will definitely be at least four – this is the number of projects already on my desk. Maybe there will be more. However, our task is not to run after someone and sign a bunch of documents. Negotiations with different potential investors and partners are ongoing. Agreements will refer to personnel training, support of small exporters of Khabarovsk Krai; we are also planning to sign agreements with Sberbank and RAO Energy System of the East. Regarding the projects, seven projects will be presented in detail – they have already passed the selection procedure. And of course, we will talk about all projects which may be implemented on the territory of Khabarovsk Krai. This Forum is a platform where everyone must show possibilities and specific features to the utmost. The better we present how we support and protect investments, the higher is possibility that we will attract investors.

– And to what place is the region inviting them to first of all?

– For example, to the Free Port of Vanino. We can show what preferential conditions are being created there, and investors will have to define by themselves what the business possibilities exist there. There are already coal and grain handling projects, as well as ship repairs, but it is not nearly the full potential of Vanino. One more site will be presented at this forum – the ASEZ in Nikolayevsk-on-Amur, it has neither been created nor confirmed yet, but the idea has been approved, a couple of investors have been found – and we will be looking for others. The region there is, of course, very remote, but also very promising.

– Did you have any new ideas during this past year in respect of existing ASEZ?

– A big work continues on those sites of Advanced Special Economic zones which belong to the greenfield category, i.e., without any infrastructure. To provide gas, water, energy supply are the responsibilities undertaken by the state, this is clear. However, we are faced with such nuances in the process of interaction with investors: not all of them are ready to build production facilities, although they want to invest into production. Thus there is an idea to create an industrial park, the Parus, on one of these sites, and to construct buildings there, tailored for the needs of specific investors. I think this will advance the process of attracting investors – finished sites ready for equipment installation will be snapped up faster. This idea came to us when we compared the Parus site with Amur-litmash site, on which there are, although old, but existing production buildings, and for business it is more easy to enter the latter, both psychologically and economical-ly. Life experience shows that not every investor needs a site in an open field.

– What else does a major foreign investor need, to come to Khabarovsk Krai, in addition to preferences, staff and land with infrastructure?

– I held many meetings with foreigners. When I worked as a member of the State Duma, for instance, I interacted with investors building an oil terminal in De-Kas-tri under an agreement on production sharing. They were afraid that they would invest money and the money would be stolen. Such cases occurred, but those were hard times back then. They also worried about our technical inability to participate in the project, since they presented documents for the platform of the Amur Shipyard with all calculations made in inches. And as everyone knows, our production facilities operate in millimeters. To provide any infrastructure?

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Together with the Techno-NIKOL Company, we will conduct an opening ceremony of a new plant already built on the site of the Khabarovsk ASEZ purposefully, do they know what to ask and what to offer?

– Last year, and this is no secret, many foreign investors did not manage to join the forum at all, although they wanted very much to do so. Today negotiations of businessmen, potential investors and state authorities of all levels are held in order to reach the stage of document execution at this second EEF. This is the case with the progress of the sugar project by the Sutech Company, which I have already mentioned. The process is alive, and negotiations are ongoing. With knowledge of whom and what will be presented at the forum, people will have an opportunity to conduct talks one day, and then determine with whom they are planning to have a meeting the next day. However, here we have no such a technology of bringing together a project initiator and his potential partner with 100% probability. I, for example, have visited all leading global air shows during my lifetime, and some several times. I have even been to Australia, Chile, not to mention the leading European countries, and many others. I have an element of chaos to them, and people meet by chance, get to know something unexpected and people communicate. After all, if it were possible to build everything in accordance with preliminary agreements, maybe there would no need for forums: people would meet in the offices, sign a contract and start working.

– It seems that the element of novelty is mandatory for the success of any forum?

– I can give an example. Once our delegation from Komsomolsk-on-Amur took samples of ammunition rounds to one air show. Products from our munitions factory in the neighboring city of Amurks were not able to come, but I proposed that they prepared their samples and we would place them on our exhibition stands – in Farnborough, and in Le Bourget. And what was the result? Here are our airplanes, and the ammunition rounds close to them. And everyone came to touch the ammunition rounds since people, naturally, had become used to seeing aircraft at air shows. As a result – the factory now supplies ammunition rounds to the USA. And everything started with a presentation at an air show. Later they exchanged contact details, conducted meetings and started working together. This is an ideal example of what meetings at discussion platforms should end with.

This is an instruction from President Vladimir Putin, issued in April by means of a special resolution adopted by the government of Russia on the comprehensive development of the city. We will present 27 development projects at this session of the forum. We will complete the construction of three facilities this year, including reconstruction of the drama theater and a new water intake structure. Next year, we are planning to construct an additional 11 facilities. We will show all the attractive infrastructure stuff – for example, the sports complex. Besides this, the Epson-2 Company will show what production it plans to organize on the site of the Khabarovsk Advanced Special Economic zone. This will be a separate complete story, focused on the work done following the results of the last message of the president to the federal assembly. Of course, it does not have any material results yet – the idea was made public only at the end of the last year, and converted to a governmental document this spring. However, the projects are being prepared already, and financial estimates are being calculated. The main work, in terms of construction, will start next year. For now, we are able to show at the EEF only a presentation of the infrastructure development of Komsomolsk-on-Amur, in a comparative format – how it was before, and how it is now – what is being done now, and what effect we expect to obtain.

– In which sessions on Far East development will the delegation of Khabarovsk Krai participate?

– We will participate in all sessions and all round tables – we are registered everywhere. However, we intend not only to discuss. Together with the Techno-NIKOL Company, we will conduct a grand opening ceremony of a new plant already built on the site of the Khabarovsk Advanced Special Economic zone – this will be a dramatic moment. We are the one in the Far East who has operating food production on the ASEZ – a greenhouse complex by the Russian-Japanese JGC Evergreen Company. We will show this as well. And in general, we have implemented projects in the region, there are successful examples in all sectors, into which we can attract investors.

– The past EEF was a little bit chaotic, many investors visited it just to have a look. Is it clear that now the people are coming here

### Development of airport complex Novy in Khabarovsk city

**Khabarovsk (Novy)** international airport is the largest airport in the Russian Far East in the amount of servicing passengers and cargo – annually airport serves more than 3 million passengers and 30 thousand cargo. Construction of the new passenger terminal is the priority project of infrastructure modernization within the airport complex development program.

**Terminal area:** 26 thousand sq. m.  
**Capacity:** 1100 passengers/hour (3.5 million passengers per year)  
**Volume of already realized investment:** 300 min. rub.  
**The requirement investment:** 2.1 bln. rub.
We do expect competition from incumbent Russian players

Leong Choong Chee about the next step by the Far East sugar factory’s project

The company from Thailand Sutech Engineering Co. announced plans to create in Khabarovsky territory the manufacture of refined and standard sugar. The subsidiary company which will act as the project operator is registered in Russia. What further steps will be taken by investor for the construction of a sugar factory, says Executive Vice President Leong Choong Chee.

– How is the registration in Russia, did you receive documents from the tax service about registration of the subsidiary company? – Yes, we have received endorsement from the Russian Tax Authorities for the company registration.

– What is the name given to subsidiary company? – Far East Plant for Sugar and Derivatives, LLC.

– How many rubles will amount to its share capital? – Presently, the share capital is Ruble 100,000 only. When all relevant approvals are obtained, we shall increase to 30% of the total investment project value.

– And who will become major shareholders and top managers? – The ultimate owners will eventually be 3 parties from ASEAN for 80-90% and balance by one or two parties from Russia. The names of the investors will be announced in due course.

The company has just been formed. It is too early to appoint or hire top management staff which will be done in due course.

– What are the next steps should be for the project’s realizing? – We are in the process of submitting to the Local Authorities our application for “Priority Large Project” Status, and for admission to the Advanced Special Economic Zone in Sovetskaya Gavan Port area. At the same time, we are awaiting approval from the Federal Authorities for our request for importation for raw materials.

– When your company plans to start design works and construction works? – The preliminary plant design has already been completed. It will go through further fine-tuning in the months ahead before work orders are issued out to relevant service contractors and equipment suppliers. Assuming all regulatory approvals as mentioned above are obtained, we expect construction ground breaking at the Sovetskaya Gavan Port site in 2nd Quarter 2017. The construction will take about 24 months to complete.

– Previously it was announced that the factory requires 6 to 7 hectares. Is it correct? – We felt that the previous site offered, although just adequate, was not exactly suitable for our long term plans. After several months of collaborative efforts by the Local Authorities and ourselves, we have identified a more suitable location a short distance from the earlier one. It encompasses an area of about 48 hectares, while still within the Advanced Special Economic Zone in Sovetskaya Gavan Port area.

– How much should be the total investment? – The total investment for the sugar plant is US$210 million comprising US$150 million for capital expenditure and US$60 million working capital.

– Does the raw materials for the sugar refinery will come mostly from Asia and Australia? – That is correct.

– Has the company studied the market of the Far East and Russia? – Yes, we have carried out preliminary evaluation of the Russian Far East sugar market. As part of the continuing efforts for more accurate data, we will be engaging specialist consultants to carry out more detailed studies. In fact, the data gathering of sugar market is an on-going process, a standard operating procedure for the plant. We have to ensure that we have up to date information for more appropriate business strategies when we go to market.

– Where you will be supplied sugar products, in what amounts? – The Russian Far East sugar demand is estimated at about 250,000 metric tons per annum. We are ready to supply this quantity. However, we awaiting Authorities’ approval or a lower volume restriction will be imposed.

– Your sugar from Soviet Gavan region also will be supplied to China, isn’t it? – Yes, we plan to export sugar products to neighboring countries including China. Market study is still being carried out.

– Your products enter into competition with the local company “Primorsky sugar”. How do you intend to win? – We do expect competition from incumbent players. We are confident of establishing a respectable foothold in the market with our production efficiency through the use of latest technology in sugar production, logistical supply, and sales and marketing distribution strategies.

– What pricing policy will be set by your company? – We trust you will appreciate that product pricing is a sensitive matter hence will only be revealed as we approach ready-to-market phase. Ultimately, any pricing strategy must consider factors such as product quality, efficient distribution and quick response to competitors’ actions.
Yegor Borisov: In the last 7 years, we have attracted 1.5 trillion rubles of investments into Yakutia

Head of Yakutia Yegor Borisov talks about the need to establish an International Center for Mammoth Studies, about the ways the republic attracts investments, and about projects that are now on the agenda of the regional government.

– At a recent meeting with Vladimir Putin, you brought up the idea of creating a Center for Mammoth Studies in Yakutia. What are the goals of this project?

– The soil of Yakutia is a natural storehouse, where over the past two centuries people have been discovering the remains of mammoths and other animals from the Ice Age: prehistoric bison, horses, cave lions and rhinos. Thanks to permafrost, these remains are very well preserved. The creation of such a Center would enable scientists to study in detail the vast amount of information about this geological era, landscapes, and climate. This idea is of interest not only to Russian scientists, but also experts from Korea, France and Japan.

– How can the unique weather conditions of Yakutia be used for scientific and economic purposes?

– The cold is a unique phenomenon that can preserve many things over many, many years. As of today, we have built a unique cryogenic storage bank in Russia, which we use to preserve endangered plant species. Thanks to the cold and permafrost, the maintenance of this cryo-bank requires virtually no additional energy consumption.

– What is the republic doing to attract investments into the region?

In the past 7 years, Yakutia has attracted 1.5 trillion rubles of investments. In 2015, we attracted 200 billion rubles in investments, while this year, because of the construction of the Power of Siberia Pipeline, we will attract 300 billion rubles. That is our estimate.

– What niche can SMEs occupy in the republic, given the fact that in Yakutia, mainly large-scale projects are being implemented, which are beyond the means available to small entrepreneurs?

– These are those industries and niches that are cost-effective, in terms of sales. First of all, this is the jewelry industry, which is a traditional one for us. Our IT-companies, which produce animated movies and software, have also started to perform very well on the
The production capacity is 2 mln tons per year.

**Total investments:**

- Project, eliminate their seasonality and significantly increase the efficiency of the products in the supply to the Republic will reduce transportation and handling of petroleum compared to imported. The exception of costs to the domestic needs of the Republic of Sakha (Yakutia) in full volume at lower prices.

**The project will provide petroleum products to investors at the EEF-2016?**

- The project includes the bridge across the Lena River, the ASEZ in South Yakutia, the creation of a high-technology IT-Park, and the comprehensive project to modernize the Zhatyaysk Shup Repair and Shipbuilding Plant. We will also demonstrate projects related to the development of mineral deposits of Yakutia, in particular, the Tarynsky Gold Deposit and the project of the SakhalinPetrol Company, involving the pumping and process of oil right in Yakutia. This latter project is very important for Yakutia, because the republic annually consumes 2 million tons of fuel, which currently is imported here, after travelling through almost the entire country. These are large and unnecessary expenses, given the fact that we can produce oil products ourselves to cover the needs of the republic, and thus avoid enormous transportation costs.

In addition, this time, we will offer projects aimed at the development of SMEs. These projects are related to the hotel sector, as well as to commercial and food markets.

**Eastern Economic Forum Special Edition**

**Production complex for the processing of hydrocarbons in Aldan**

**Project initiator:** JSC Oil company “Tuymaada-Neft”

The project will provide petroleum products to the domestic needs of the Republic of Sakha (Yakutia) in full volume at lower prices compared to imported. The exception of costs of transportation and handling of petroleum products in the supply to the Republic will significantly increase the efficiency of the project, eliminate their seasonality and irregularity of delivery. The production capacity is 2 mln tons per year.

- Total investments: 103.3 billion RUB
- Net present value (NPV): 28.5 billion RUB
- Internal rate of return (IRR): 15.3%.

- Has the region started to draft documents to create a ASEZ in South Yakutia? Do you already have an understanding of who will become the anchor resident of this area?

- The ASEZ in South Yakutia is a new project of the republic, which we are going to showcase at the EEF. The purpose of the new ASEZ is to create a major industrial center for the deep processing of natural resources. I am talking about the processing of uranium ore of the Elkon Deposit, which is being developed by the Elkon Mining and Metallurgical Plant JSC, and the development of the Seldyarsky Apatite Deposit, considered to be the largest in the world. We are also planning to increase the volumes of coal production and enrichment at the Inaglinsky Coal Complex, and to produce oil and gas in Olekminsky District. This ASEZ may also include a wood processing complex.

**The South Yakutia Development Corporation is currently carrying out preparatory work for the creation of the ASEZ in this region. During the EEF, we will learn to what extent businesses are interested in the new ASEZ, and based on this knowledge, we will decide to submit documents to the Ministry for the Development of the Far East to establish such an area.**

- **What projects will Yakutia offer to investors at the EEF-2016?**
- The project includes the bridge across the Lena River, the ASEZ in South Yakutia, the creation of a high-technology IT-Park, and the comprehensive project to modernize the Zhatyaysk Ship Repair and Shipbuilding Plant. We will also demonstrate projects related to the development of mineral deposits of Yakutia, in particular, the Tarynsky Gold Deposit and the project of the SakhalinPetrol Company, involving the pumping and process of oil right in Yakutia. This latter project is very important for Yakutia, because...
Yakutia Style Innovations
Success Story of Russia’s northernmost Technopark

The Yakutia Technopark has demonstrated exceptional dynamics since it first started operations: during the 4 years of its existence, it has attracted more than 80 residents, mainly local companies. The success of the technopark is not only found in the development and prospects of each business as such. This effective model of state support for projects was used to create the Kangalassy Industrial Park, the first Advanced Special Economic zone in Yakutia.

– Anatoly, what are the advantages of developing a business in Yakutia? The region is remote, the prices in the local market are high, and the market itself is small.

– Yet, on the other hand, there are also unique benefits in starting a business here: the region has a significant potential to replace imported products. In our case, it is easy to calculate the future market and identify the prospects for the development of each specific technology or innovation. Another important point is that today, Yakutia is a region which has developed probably the most elaborate system in the country for providing support to innovative businesses. We have a technopark, a venture company, and a Advanced Special Economic zone called the Kangalassy Industrial Park, which has been operating here since last year. The functions and authorities are distributed among them, in such a way that there is almost no overlap. These are links in the same chain.

– “How would you evaluate the demand for this support?”

– “As time goes by, more and more people make their attempts, invest and take risks, and we obtain more and more interesting results. Today we have 85 residents, we opened a branch in the town of Neryungri, and thanks to the whole range of methods used to seek out new projects, including the work of our own Regional Engineering Center, we now have a solid portfolio of promising business projects.

– What are your technology priorities these days? What projects do you consider as being the ones – that will grow?

– Today there are about 30 IT-companies in Yakutsk, and many of them have sales turnover measured in the millions. As we are located far from mass sales areas, we simply have to invest into the development of this sector. We are currently working on the creation of an IT-park, which will be a huge modern building with an area of 20,000 square meters in the center of Yakutsk. It will be the home to Yakutia’s IT companies.

Another important area is biotechnology, which is based on the unique properties of our plants. It is known that the extreme environmental conditions of Yakutia promote increased synthesis of biologically active substances in plants, which can be used for the production of medicines and dietary supplements.

– The commercialization of R&D is a complex issue. Developers often do not realize how they can create a business from their idea.

– We are looking for projects that can be implemented not tomorrow, and not the day after tomorrow, and not in any foreseeable future, but today. For example, last year solid fuel boilers were installed in Yakutia. These are based on an innovative technology of an upper combustion system, which allows reducing fuel costs several times. This saves on resources and also provides more free time for the residents of our villages. You know, even in these modern times, people in our rural communities take turns when attending weddings, because someone must stay at home to look after the fire in the oven.
Russia now has technoparks that are more than 10 years old and have given rise to businesses with sales turnovers measured in the billions. Over the years, together with our residents, we have achieved real measurable financial results, meaning exponential growth of sales turnover. We started much later, but we have demonstrated very impressive dynamics from the very start.

– Who are the future consumers of the innovations coming from Yakutia?

– If we want to achieve a breakthrough innovation, which we are always discussing, we need to start exporting right now. The Yakutia Technopark has received the status of a member of the International Association of Science Parks (IASP), whose mission is to create a global network of science parks and innovation centers around the world, contributing to their growth and development.

Our product enjoys high demand: the weight gain of birds can be from 12% to 18%.

– The term of the program period of some Yakutia Technopark residents is coming to an end. Are they ready for graduation and to continue their work outside the incubator?

Next year, we will be honoring our first graduates. We wondered where they would be going, ‘where are these young plants from the greenhouse going to grow?’ We have found a solution in the establishment of an industrial park, which will give them, on the one hand, comfortable conditions for working, and, on the other hand, it will mean that they are already in the market. The Kangalassy Industrial Park has received support at the federal level – the Russian Government gave it the status of an Advanced Special Economic zone. Some of our residents, such as Sakha Lipsnele, the manufacturer of long-burning boilers, and Bige, a paints manufacturer, have already received the status of residents of the Advanced Special Economic zone and started constructing their facilities in the industrial park. Administrative preferences and tax privileges that they receive as residents of the Advanced Special Economic zone give their business a good momentum. For example, the Sakha Lipsnele now has an opportunity to import production equipment without paying import duties. This provides significant savings. By the way, during the time of the Forum, this enterprise, the first one in our Advanced Special Economic zone, will start its operations.

Another factor, which is just as important, is that the residents of the Technopark are also developing outside of Yakutia. A very important role is played by the fact that we have a branch of Skolkovo in the Far East. We are actively cooperating, and as many as 5 Yakutia companies have received the status of Skolkovo residents.

The Kangalassy Industrial Park

Currently at the site, 6 manufacturing plants and one greenhouse are under construction. If we take into consideration the state support for the creation of the necessary infrastructure, the Kangalassy Industrial Park generates a total of over 2.2 billion rubles of investments. The largest project today is the initiative for the construction of vegetable greenhouses. The commissioning of 1.6 hectares of greenhouses is planned for 2017, and by 2020, the total area is expected to double. It is expected that by 2021, the company will have reached its full production capacity of up to 2,200 tons of agricultural products per year.

The projects that are currently in the active stage of implementation, also include manufacturing companies Sakha Lipsnele (manufacturer of long-burning boilers), Bige (manufacturer of paints and varnishes), Tyoply Krai (manufacturer of plastic windows), Dalenergosbroyostok (manufacturer of geowebs), Sakhaplastech (manufacturer of PET bottles), EGOPLAST (manufacturer of polyethylene pipes). A year-round hydroponic greenhouse is being built here by a foreign investor, the Japanese Hokkaido Corporation.
Everyone in the country has followed the construction of the Vostochny Cosmodrome – and that is not an overstatement. Regular news broadcasts have reported on the successes and problems at this enormous construction site, which appeared as if it would never be finished. Through the efforts of thousands of specialists the most modern spaceport in the world was built in the middle of the deep taiga. People have been waiting to hear the phrase: ‘Launch! Ignition! Liftoff!’ for long four years.

April 28, 2016 at 5:01 a.m. Moscow time was the beginning of a new stage in the development of Russia’s space industry. The Vostochny Spaceport opened at the deafening roar of a Soyuz-2.1a booster rocket’s engines. The successful launch was the culmination of the titanic job of thousands of specialists from the entire country. The rocket launch took more than four years to be prepared. Over this time the world’s most modern spaceport was built in the middle of the Amur taiga.

The spaceport features all necessary infrastructure: launch assemblies, an industrial construction site, water and power supply, telecommunications facilities, roads and railways, security systems, even the new city of Tsikolkovsky, where the specialists are housed. In total, 115 km of roads and 125 km of railroads were built. Over 500 buildings and structures that can withstand strong seismic pressures were erected.

A decision on a cosmic scale
The public became widely aware of the construction of the spaceport on August 28, 2010, when Vladimir Putin, Russia’s prime minister at the time, visited the settlement of Uglegorsk. Strategic safety concerns necessitated construction of a Russian spaceport that could launch heavy rockets.

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Let the Baikonur Cosmodrome costs over 6 billion rubles a year, and Kazakhstan has suspended multiple launches for various reasons. Furthermore, the infrastructure at Baikonur has become significantly outdated and needs to be fully modernized for the new Angara rocket systems. The choice of construction site was based on intensive research. The most important selection criteria were the possibility for uninhibited launch of booster rockets and a favorable location. Having the proper flight path can knock off up to 30% of the overall cost of launching a rocket. The initial flight path of a booster rocket can’t be near densely populated areas or over foreign lands. Furthermore, the pieces that separate from booster rockets during its flight must fall in sparsely populated regions of Russia or in neutral waters.

Despite a few difficulties, Uglegorsk was a perfect match for these requirements. Construction of the facility had to begin in the taiga in a place practically devoid of anything. Roads, an airfield and a new city also needed to be built. But the decision had been made: the spaceport was on!

Many complex jobs were performed in extreme weather conditions, which necessitated the use of special technologies. To keep the concrete-hardening technology viable during the pouring of the concrete for the launch area, makeshift ‘heaters’ crafted with the help of hot-air blowers and electrical curing devices maintained the required temperature. Due to the cold, the machines frequently broke down, but people kept on working.

The numbers best tell the story of the job the creators pulled off. During the peak construction period, over 8,000 construction workers were working on the Vostochny building site and operated about 1,000 pieces of state-of-the-art machinery. The work was carried out in two shifts without weekends or holidays. Workers labored in conditions ranging from the chill of minus 40 degrees to heat of about 40 degrees.

Dozens of buildings and structural works were erected at the launch facility, which covers over 90 hectares. 2.7 km of road and over 7.2 km of railroad track was laid. All the structures are connected by underground communication tunnels, which extend more than 6 km altogether. The facilities were built with extra durability so that they can withstand even the most extreme pressure.

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Road to the Stars
The second phase of construction is underway and is expected to be finished by 2021.

The assembly and testing facility is a cutting-edge collection of workshops that covers an area of over 39,000 square meters. The installation and testing bays feature a special microclimate: a temperature of 18-25 degrees Celsius and 80% humidity. These conditions are created by modern heating, ventilation and air conditioning systems. The ventilation devices in the installation department alone – in an area of 9,000 square meters – process over 1 million cubic meters of air per hour. A special coating was put on the floors of the rooms in the technical complex, which covers an area of 45,000 square meters. The conductive, anti-static floors protect the highly sensitive electronic machinery from the impacts of electrostatic energy. The floors are subject to special requirements. They have to withstand the weight of a booster rocket. For that, 360 pilings were installed up to 8 meters deep with each pair supporting a 40-ton load.

Engineering communications and specialized systems were laid in the technologic channels, with an overall length of 3.5 km. About 20 cargo-lifting machines were installed at the technical complex, including 100-ton bridge cranes mounted 20 meters high, which are used for unloading and assembling booster rockets. The complex for measuring, collecting and processing data includes an integrated tech module, 18 pylons that contain instruments for data measurement, collection and processing, and an 85-meter-high adjustable tower and shelter.

The facilities at the Vostochny Cosmodrome are equipped with engineering communications. Heat, water, power, ventilation and sewer systems are all at the disposal of end-users. The energy plant built at Vostochny can supply a city of half a million inhabitants with electricity.

### Phase two

The second phase of construction at the spaceport is underway and is expected to be finished by 2021. The area around the spaceport is being developed simultaneously. A cluster of scientific, industrial, residential and tourism sites is under construction. The science commune of Tsiolkovsky is being built at an enormous pace. Numerous high-rises are already finished, and the occupants have already settled in. But the most active development stage will begin after October 31.

Two launches are planned next year at the brand new spaceport, the only one for civilian use in Russia. Roskosmos head Igor Komarov said two Kanopus series satellites and a Meteor weather observation satellite will be launched into space in 2017, while in 2018 the conveyor will become operational. Plans call for six to eight launches annually from Vostochny Cosmodrome while there is the potential to have ten launches a year.

### Vostochny Cosmodrome

- **Total area:** 1035 km²
- **Built-up area:** 96.6 km²
- **Constructed buildings:** More than 450
- **Roads:** 97.3 km
- **Railroads:** 98.6 km
- **The budget (I and II stage):** 300-400 bn RUB

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**Technical section**

Main construction projects in this section were the assembly and testing facility for booster rockets and spacecraft (launch vehicles, satellite vehicles, etc), the fueling and neutralization station and the transfer gallery that were built implementing the most contemporary technologies. All necessary engineering infrastructure and a fire station were established.

The assembly and testing facility is a cutting-edge collection of workshops that covers an area of over 39,000 square meters. The installation and testing bays feature a special microclimate: a temperature of 18-25 degrees Celsius and 80% humidity. These conditions are created by modern heating, ventilation and air conditioning systems. The ventilation devices in the installation department alone – in an area of 9,000 square meters – process over 1 million cubic meters of air per hour. A special coating was put on the floors of the rooms in the technical complex, which covers an area of 45,000 square meters. The conductive, anti-static floors protect the highly sensitive electronic machinery from the impacts of electrostatic energy. The floors are subject to special requirements. They have to withstand the weight of a booster rocket. For that, 360 pilings were installed up to 8 meters deep with each pair supporting a 40-ton load.

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Gold prospects

From Soviet times on gold remains the most important specialization of the Far East, which has vast undeveloped reserves of this precious metal. Now 45% of the gold in the country is mined in the Far East, and virtually all Far Eastern gold mining regions hold leading positions in the federations ratings of subjects for volume of extraction. That said, Kamchatka, which is not yet among the largest producers of gold, shows the fastest growth in volumes of extraction: there were 4.2 tons of gold mined last year, which exceed indicators of the previous year by almost a quarter.

It is worth highlighting that there are several drivers of gold mining, which will allow the macro-region to increase current production indicators. Firstly, the golden ore Mining and Processing Complex “Pavliik” (Investment Company Arlan) was launched at full capacity in the Magadan Region in August 2015. Reserves of precious metal at this deposit are estimated to be at 150 tons, and they should be enough for 20 years of work. The output of gold is planned to be increased up to 10 tons annually. The launch of this Mining and Processing Complex was a very important event in economic life of the region. Taking into account plans for the development of other deposits as well, Magadan Region is capable again of holding one of the leading positions in the gold mining industry of the country and possibly to confidently take up the first place.

Secondly, Mining and Processing Complex “Ametistovoye” (Kamchatka Gold Company, affiliated with the Renova Group of Companies) was launched in Kamchatka Krai in September 2015. “Ametistovoye” is the largest researched deposit of lode gold in the region with known reserves over 52 tons of gold. In the spring of 2016, the Mining and Processing Complex reached its designed capacity, it can process up to 600 thousand tons of ore and produce about 4 tons of gold per year. The launch of Mining and Processing Complex “Ametistovoye” will increase figures of precious metals mining in Kamchatka, which establish itself among gold mining regions of the country.

Thirdly, the state subsidized the support of gold mining in Selemdzhinsky district in the Amur Region which is conducted by company Petropavlovsk. The program received the status of a top-priority investment project, for which reason the state allocated

Russia opens its Far Eastern money-box

The Far East has strategic reserves of these mineral resources: gold, diamonds, ferrous and non-ferrous metals. Due to the remoteness and complexity of the realization of projects, the largest deposits in the country have not been developed for a long time. However, today the situation has changed – in each direction, work is already taking place, which will soon allow the position of the mining industry in the Far East and in Russia as a whole to be significantly strengthened.
99% of all diamonds in the country are mined in Yakutia and the main player is the company ALROSA.

1.1 billion rubles in 2015 and 2 billion rubles more in 2016 and total amount of state support of 5.5 billion rubles. Investments will go to the construction of 220 kW electric power line “Fevralskaya-Rudnaya” and the construction of 220 kW electric power line “Fevralskaya-Rudnaya” in Selemdzhinsky district.

It is worth mentioning, that Polysus to large extent is focused on the development of Natailka, and therefore the exploration of Nezhdanniskyoe is not a priority for company. However, creation of cooperative enterprise tells about high possibility of that the works at Nezhdanniskyoe will finally begin.

From extraction to cutting

As for the diamond mining industry of Russia, it is still almost totally concentrated in the Far Eastern region. At the moment about 99% of all diamonds in the country are mined in Yakutia and the main player is the company ALROSA, whose share in the world market poses about 25%. Talking about the last trends of development of the company and the industry as a whole, it is worth noting for deep decrease of mining in 2016 due to the fall of international prices of diamonds. In 2015, company mined 39.3 million carats but ALROSA managed to sell only 30 million carats, which lead to significant increase of stock reserves. As a result, in 2016 the management of company took decision to decrease mining down to 37 million carats, mainly on account of placer deposits.

It is worth noting, that the company set the development of the cutting industry as one of its priorities to increase the added value of production. However, cutting will not be performed in the territory of Yakutia. The opening of a diamond exchange should also contribute to more active promotion of production of ALROSA in promising markets of Asia-Pacific Region due to the gradual change in scheme of international deliveries of Russian diamonds. It is worth noting that the idea of diamond exchange was actively promoted by Plenipotentiary of the President in the Far Eastern District, Vice prime minister, Yu. Trutnev, adviser to ALROSA in the government of Russia. Besides, diamond mining enterprise ALROSA based on Verkhne-Munsk ore field in Yakutia, recognized as a top-priority investment project, received state subsidy of 8.53 billion rubles.

Also, it should not go unmentioned, that in 2016 ALROSA was first from state companies to undergo process of privatization – 10.9% of shares of company became privately owned. However, according to the results of privatization it cannot be said that ALROSA gained a new key investor as different portfolio investors from Russia, Asia and Europe acquired shares. Thus, freefloat of company increased to 34% and federal government remained the main owner of Yakutia owns 25% plus one shares and 8% belongs to districts of Yakutia. As before regional authorities insist on preservation of shares in their hands in an attempt to influence the work of key company of Yakutia.

New projects with state participation

In the Far East large reserves of metallicurgic raw material is located as well, represented by iron ore deposits, but in Soviet times they were not developed as they were not considered profitable. Petropavlovsk – Chersnaya Metallurgiya Company, a subsidiary company of Petropavlovsk Group of Companies, the only producer of iron ore in the region, is a pioneer here. This company conducts creation of mining and smelting cluster of mining and processing of iron ore raw materials on the territory of Amur Region and Jewish Autonomous Oblast. In 2010 relatively small Olekminsky Mining and Processing Complex, designed capacity of which comprises 900 thousand tons of iron ore concentrate with iron content at 62.5% level, was put into exploitation on the basis of Kuranakhriskiye deposit.

At the present time preparation for the launch of Kimkano-Sutarsky Mining and Processing Complex in Jewish Autonomous Oblast, which will become the largest mining enterprise of the region. Commissioning of Mining and Processing Complex was delayed several times, it became known that the launch will happen in autumn of 2016, and in 2017, enterprise will work at designed capacity. Productive capacity of the first party of Kimkano-Sutarsky Mining and Processing Complex is 10 million tons per year and 3.15 million tons of iron ore concentrate with 65% content of iron. It is suggested that further production of the Mining and Processing Complex will be exported to China over bridge crossing Nizhneelensinskoye-Tongjiang which is under construction. Far Jewish Autonomous Oblast, the poorest region of Far East, Kimkano-Sutarsky Mining and Processing Complex may become breakthrough project, providing growth of production indicators and budgetary receipts. Garinsky Mining and Processing Complex in neighboring Amur Region, production capacity of which will be 10 million tons, will become the next project of iron ore processing in the macro-region. While production will be delivered for deep processing to Kimkano-Sutarsky Complex, which is turning into the main centre of mining and smelting cluster of Far East. However, Far Eastern projects are realized quite slowly, which is caused by lack of investment.
resources as well as by problems with market outlets. For example, to this point the building of Tayozhny Mining and Processing Complex in South Yakutia, with designed capacity of complexes 4.1 million tons per year. The project must be realized by the cooperative enterprise of group Evraz and ALROSA – Timir Group of Companies, which wins license for development of four deposits (Tayozhnoye, Deso-vskoye, Taryynnakhskoye and Gorkitskoye). However, ALROSA decided to sell its share and thus exit the project, which, it must be said, was expected as only Evraz was actually conducting this project.

It is also worth highlighting the new important aspects of nonferrous metallurgy. Recently, the Far East is intended to become a main centre of tin mining in the Far Eastern District and Russia, must reach its designated capacity by the end of 2016. Mining is planned at a level of 400 thousand tons of ore. Yakutia is again becoming a key centre of tin mining, where in 2017 “Ruchei Tirekht-yakh” project will be launched, and which makes provision for the exploration of large deposits of stream tin. The volume of extraction will make up from 500 tons to 3.5 thousand tons of tin per year, while annual needs in tin of the country compose 6.5–7 thousand tons. At this moment Russia imports 90% of necessary tin, and for the creation of new capacities in Far East tin mining in the future.

For a long time, the Far East remained an important reserve for copper mining as well in the country. About 40% of all reserves of Russian copper are concentrated here, which are practically not being restored. The tin mine Molodyozhny launched in last year, and cleaning plant in Solnechny district of Khabarovsk Territory, which at the moment is the main centre of tin mining in the Far Eastern District and Russia, must reach its designated capacity by the end of 2016. Mining is planned at a level of 400 thousand tons of ore. Yakutia is again becoming a key centre of tin mining, where in 2017 “Ruchei Tirekht-yakh” project will be launched, and which makes provision for the exploration of large deposits of stream tin. The volume of extraction will make up from 500 tons to 3.5 thousand tons of tin per year, while annual needs in tin of the country compose 6.5–7 thousand tons. At this moment Russia imports 90% of necessary tin, and for the creation of new capacities in Far East tin mining in the future.

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Generally speaking, it can be said that the mining industry of the Far East is developing sufficiently well and successfully. Gold mining, which is being invested in by Russian as well as foreign investors, is on the rise. There is a revival in ferrous metallurgy, where and ambitious project of mining and smelting cluster is gradually beginning to be realized. Besides that, the Far East is intended to become the center of revival for the tin mining industry of Russia and the place to begin copper mining. Meanwhile, the diamond industry has adjusted its strategy under conditions of the reduction in prices and is seeking new market outlets in the Asia-Pacific Region. Of considerable importance is the state support for a series of priority investment projects in the mining sector.

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Metals factory to become resident of Belogorsk ASEZ

The company is planning to produce the following steel structures through the use of innovative technologies: columns, beams, trusses, prefabricated items, and reservoir tanks. “The investment, which amounts to RUB 716 million, will create 220 jobs. The project is expected to be completed over the course of 18 months. Construction of the facility is expected to take place at the Belogorsk advanced special economic zone ‘reserve’ site using investor funds and loans”, said the Head of the ASEZ Development and Investment Section of the Belogorsk Administration.

The plant will provide the materials required for large investment projects under way in Amur Region, the press service of Belogorsk City Hall reports.
Kolyma: Gold, water and skiing

Despite the fact that Magadan oblast, due to its northern location, has a more severe climate compared to other regions of the Far East, it is in fact poised for excellent growth in the near future.

The production index in Kolyma has the ability to increase from 6% in 2016 to 11% in 2018. This will be largely determined by the tendencies active in the region. For instance, one positive trend can be observed in Magadan’s main industry, gold-mining: the planned volume of gold ore extraction is put clearly on display by the fact that at the upcoming 2nd All-Russian Gold Festival entitled Prospector’s Luck last year.

— Everyone remembered Magadan oblast from the unique collection of nuggets it presented at the Far East show during East Economic Forum 2016. What will be the signature moment of the region’s exhibition this year?

— The region will once again display its collection of nuggets, but in addition we are also bringing in another exhibit that tells the story of the unique culture of indigenous peoples of Magadan-oblast, the Evens and Kolymak. When it comes to signature moment, the region is planning to show an art object called Gold Field. Every visitor will be able to experience what it’s like to be a gold miner. This impression will be specifically achieved by the elements from the everyday life of an artisan prospector and experienced miner. In fact, visitors of the installation will be invited to take a journey to the very beginning of the 20th century, as that is when gold was mined using a wooden pan, a pick axe, a scraper and drying jars that are now exhibited at the installation.

Companies are also showing study financial results: in January-April 2016 the region’s economy registered a gross profit of 3 billion rubles, which is twice larger than the same period last year.

— What other industries in the Magadan region are the most interesting for investors today?

— When talking about investment, one should first state its current level in Magadan oblast and its prospects for the future. What I mean is that in the first quarter of this year the economy of Magadan oblast received 5 billion rubles of investment, and our general projection for this year is that the volume of investment in current prices will grow by 2.6% compared to 2015. As for industries, most appealing for investors, the international investment trade fair recently held in Magadan showed that investors are now mainly interested in projects related to mining, agriculture and tourism. This is not at all surprising. We really have something to offer in these areas for investors. Projects with the highest levels of priority will be showcased at the EEF.
1 CONSTRUCTION OF THE MINING AND METALLURGICAL COMPLEX ON THE BASIS OF THE PAVLIK, PAVLIK 2 AND RODIONOVSKOYE GOLD ORE FIELDS

This project involves the creation of a mining and metallurgical complex on the most promising fields of the Yano-Kolyma gold-mining province. When put into operation, the project will ensure the production of up to 5 million tons of ore and 6 to 8 tons of gold annually. The sponsor of the project is ZRK (gold-mining complex) Pavlik LLC (part of the Araw investment company), and the volume of necessary investment is 45.6 billion rubles. Currently, the start-up and commissioning works at the complex are coming to a close.

In addition to this project, the region is planning to support other endeavors of ZRK Pavlik at the east Economic Forum, as well as further development of the mineral resource base of the Pavlik and Pavlik-2 deposits. This will lead to a total increase in reserves up to 250 tons, which can be significantly expanded by the expected reserves of 100 tons from the Rodionovsky deposit. In general, in the long run these three fields are expected to produce up to 18.5 tons of gold annually.

2 CREATION OF A COAL CLUSTER

This project provides for the construction and development of coal mines near Omsukchan village with a total capacity of more than 3 million tons of coal annually, the design and construction of the export coal terminal in Pestraya Dresva bay, the construction of a motorway of about 130 km long from the town of Galimiy in Magadan oblast to Pestraya Dresva bay, and the reconstruction of the Omsukchan-Galimiy road section. Open-pit coal mines explored as part of the project contain over 100 million tons of reserves with prospects for further growth. About 1 billion rubles has already been invested into exploration works. High-quality products from here may be purchased by steel and ferroalloy enterprises from the Asia-Pacific Region (South Korea, Japan, China, Taiwan, and Vietnam).

The project is headed by Severo-Vostochnaya Ugolnaya Kompania PJSC (North-East Coal Company) (part of Vostochnaya Gorornodnaya Kompania (Eastern Mining Company) group). To develop the complex for the production and handling of metallurgical coal, 25 billion rubles are required. One of the forms of participation offered by the project is the possibility of contributing to the share capital of the company uniting the production assets of Sakhalin and the exploration facilities of Magadan oblast.

3 RECONSTRUCTION OF THE TALAYA SPA RESORT

This project involves the renovation of the Talaya spa resort and the construction of a fitness center, bowling facility and water park, as well as building a high voltage 220 kV power line to Talaya village and reconstructing the motorway leading to it. The main advantages of this resort include local waters and mud that contain rare medicinal properties that activate metabolic processes in the human body and promote cell regeneration. The Talaya resort is the only spa facility in the northeast of Russia. Every year it is visited by about four thousand people, including local residents and people from neighboring regions. The resort is located at an altitude of 720 meters above sea level and surrounded by high hills with picturesque dense pine forest. One special feature of Talaya is that it enjoys a unique number of sunny days every year. The annual amount of sunshine here reaches 1,822 hours, which is even more than at Caucasian resorts.

The renovation of the Talaya spa resort was initiated by the Government of Magadan oblast. The project requires 8.6 billion rubles of investment.

4 CONSTRUCTION OF THE SOLNECHNY, MAGADAN, AN ALL-SEASON SPORTS AND TOURISTIC COMPLEX

The project includes a hotel and entertainment complex, shopping, recreational facilities and a conference room. As part of this project there are plans to build a gondola lift, create ski and bike trails of varying complexity, make cableways and develop ski and hiking trails. An indoor observation platform will call the very top of the snow-capped mountains home, and it will provide excellent views of the surroundings of Magadan and Nagaev bay. The project also involves building a ski center, snowboard park, ski stadium, cafes, sports and children’s facilities with gyms, a wellness center, swimming pool, skating rink and bowling facility. The whole complex will occupy 1,000 acres on the grounds of the Russian ski school. The project is expected to increase tourist flows – both Russian and foreign – by 13.8 thousand people per year.

The Solnechny, Magadan project was initiated by the Municipality of Magadan. It requires around 2.6 billion rubles of investment. The master plan for the project is currently being drafted.
The proximity to Asia-Pacific countries and China, one of Russia’s main foreign trade partners, gives the Far East a unique set of advantages in terms of logistics. Thanks to its geograph- ical location, the Far East has traditionally played the role of a tran- sit region and has been gradually boosting its own exports. Today, however, by no means all of its pos- sibilities are used due to the insuf- ficiently developed transport infra- structure. At the same time, over the past few years, the Far East has seen, if not a boom in logistics but definitely a sharp increase in the number of projects related to the development of transport and ware- house logistics. Advanced Special Economic zones, free ports and other projects initiated by the federal and regional authorities have greatly contributed to this.

The turnover statistics of freight for Far Eastern ports and railways clear- ly demonstrates the important and growing role of a macro-region in the general logistical flow of Russia. Right now, Far Eastern Railways account for 36 % of the exported freight for the country’s entire railway network, while 10 years ago their share was only 22 %. During the first six months of 2016, the Far Eastern Railways had a freight load of 23.8 million tons that is 2.4 % less than during the same period the year before, which cor- responded to the prevailing trends in Russia as a whole. However, its freight turnover in the first half of 2016 grew to reach 95.3 billion ton-km (+6 % year-on-year), and the turno- ver that includes unladen car mileage reached 124.7 billion ton-km (+6 %).

We see good dynamics of freight turnover in the ports of the Far East- ern basin, which account for about 26.37 % of the total freight turno- ver of Russian ports. During the first half of 2016, the ports of the Far East showed a 9.5 % increase in turno- ver up to 90.88 million tons, of which the volume of trans-shipment of dry cargo amounted to 53.7 million tons (+15 %) and liquid cargo to 37.1 million tons (+2.3 %). At the same time, all the major ports in the Far Eastern basin have shown growth in trans-shipment. The largest vol- ume of cargo turnover was recorded in the Port of Vostochny in Primor- ye (33 million tons; growth of 2.9 %), followed by the Port of Vanino in Khabarovsk Territory (15.2 million tons; +13.9 %) and two more ports in Primorye: Nakhodka (11.8 million tons; +15.7 %) and Vladivostok (6.9 million tons; +13.1 %). A particu- lar role in the Far East is given to the Kozmino terminal (part of the Port of Vostochny) which has become the most important oil export port on the Pacific coast of Russia and the end point of the pipeline “Eastern Sibe- sky Territory. “Primorye-2” stretch- es from the Chinese border town of Hunchun to the nearby Russian ports of Zarubino and Posyet. The project requires a major upgrade of the Port of Zarubino for which purpose Sum- ma Group launched the “Big Zarubi- no” project with planned investments of over 200 billion rubles. It is expect- ed that Zarubino will be used for car- go transit from the northeastern Chi- nese provinces to the eastern and southern regions of China. The construction of the transport corridors will provide the Primorsky Territory and the Far East in general with competitive advantages in the international transit market and con- tribute to the development of inter- national Russian transportation services. It is expected that by 2030 the freight

High-speed transport system Hyperloop will connect the port of Zarubino and the border of China.

Russia will inevitably evolve as a transit state connecting, East and West: the most favorable transport routes pass through Russia’s territory and the volume of freight traffic grows every year. The ability to provide transportation and logistical opportunities to foreign companies is a serious challenge for domestic industry, which, however, opens up great prospects for the development of the entire country and of the Far East in particular.
Arctic region as a whole, which the Russian government has focused a lot on in recent years

The development of the Northem Sea Route could be a separate topic for discussion. The freight traffic via the NSR grows every year from 2.6 million tons in 2013 to 5.43 million tons in 2015. The main advantage of the NSR is the considerable amount of time saving compared with, for example, the popular Shanghai-Rotterdam route.

At the same time, in view of the difficult climatic conditions, the NSR could hardly compete with the Suez Canal and attract a large number of foreign companies. But for Russia it could be a different story. The NSR could create many advantages for the country’s internal traffic, ranging from reduced delivery times to delivery of special goods. According to the Governor of Primorsky Krai Vladimir Miklushevsky, “The NSR is the considerable amount of time saving compared with...”

Development of Primorye-1 and Primorye-2 international transport corridors will be discussed at EEF

Development of Primorye-1 and Primorye-2 international transport corridors was discussed at a meeting headed by Yury Trutnev, Deputy Prime Minister of Russia and Presidential Envoy to the Far Eastern Federal District. The discussion was joined by Alexander Galushka, Head of the Ministry for Development of Russian Far East, and Vladimir Miklushevsky, Governor of Primorsky Krai.

International transport corridors will create unique opportunities in East Russia. Primorye-1 and Primorye-2 will be involved in the transit of cargo from China to the ports of Vladivostok and Nakhodka. Construction of these logistical routes may be a first step in the creation of new quality infrastructure in the Asian-Pacific region. “Primorye-1 and Primorye-2 projects represent a practical coupling of the Silk Road and the Eurasian Economic Union. This is of benefit to both the north-eastern provinces of China and the whole of Russia, including East Russia and the Primorsky Krai,” said Minister Alexander Galushka.

“The transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev. According to the Governor of Primorsky Krai Vladimir Miklushevsky, “the transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev.

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Due to the construction of the Northem Sea Route and the NSR, the Far East is on the rise and is going to become a part of the Silk Road and the Eurasian Economic Union. This is of benefit to both the north-eastern provinces of China and the whole of Russia, including East Russia and the Primorsky Krai. The construction of these logistical routes may be a first step in the creation of new quality infrastructure in the Asian-Pacific region. “Primorye-1 and Primorye-2 projects represent a practical coupling of the Silk Road and the Eurasian Economic Union. This is of benefit to both the north-eastern provinces of China and the whole of Russia, including East Russia and the Primorsky Krai,” said Minister Alexander Galushka. The transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev. According to the Governor of Primorsky Krai Vladimir Miklushevsky, “the transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev. According to the Governor of Primorsky Krai Vladimir Miklushevsky, “the transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev. According to the Governor of Primorsky Krai Vladimir Miklushevsky, “the transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev. According to the Governor of Primorsky Krai Vladimir Miklushevsky, “the transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev. According to the Governor of Primorsky Krai Vladimir Miklushevsky, “the transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev. According to the Governor of Primorsky Krai Vladimir Miklushevsky, “the transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev. According to the Governor of Primorsky Krai Vladimir Miklushevsky, “the transport corridors should be presented at the Forum as understandable, transparent investment projects that will ensure a return on their investment. We are yet to hear the investors’ opinion, but I think that there is every possibility to commence construction in 2016,” said Deputy Prime Minister Yury Trutnev.
Vostochny Port is increasing capacity

Next year, the third phase of the specialized coal terminal of Vostochny Port JSC will become operational in Primorsky Krai. After its commissioning, the cargo traffic at Russia’s largest stevedore company will increase from 22.8 million tons of coal in 2015, to 39 million tons in 2019. At the end of that year, this company will account for about 50% of the overall cargo traffic of all coal ports in the Far Eastern Basin.

The total investments amount to approximately 27 billion rubles. The construction of this high-tech terminal is being carried out without any government financing. Currently, about 75% of this largest port investment project in the Far East has been completed. The construction work on the third phase of the coal terminal of Vostochny Port JSC in Primorsky Krai started in December 2012. The commissioning has been planned for the year 2017. The new platform of the specialized coal production and handling complex includes two railway parks near the Nakhodka-Vostochnaya train station, one of which will be handed over to Russian Railways CJSC without any compensation, in accordance with the technical connection contract. This project involves the creation, from ground zero, of an entire railway infrastructure that is necessary for the transshipment of coal. It is located on a 54-hectare territory and includes the construction of four warehouses for the simultaneous storage of around 800,000 tons of coal, of two stackers, four reclaimers, railway-way defrosting devices for the simultaneous heating of 80 open wagons, conveyor belt systems, and two tandem rotary-type wagon dumpers. The project also includes the construction of a deep-water dock, which is intended to host vessels with dead weights of up to 180 tons, and the installation of two powerful vessel-loading devices.

Currently, 30% of the main equipment of the third phase has already been installed. Four specialized bucket-loaders (reclaimers) have already been installed. The assembly work on 2 stackers (machines that form coal stockpiles in warehouses) is in progress. In parallel, conveyor lines are being installed on the entire territory of the third phase. The next stage of this project will involve the construction of the wagon defrosting devices and railroad infrastructure.

After completion of the third phase, the Vostochny Port sea terminal warehouses will have a capacity of 1.6 million tons, and there will be full interconnection and provision of the production complexes of the terminal.

The uniqueness of the third phase is not only due to its large scale. It is expected that it will become the most eco-friendly coal terminal in Primorsky Krai. Right from the start of operations, it will be equipped with the most modern aspiration and dust suppression systems, and a multi-stage filtration system that is able to purify wastewater to such a degree, that it would meet fishery pond standards. This is similar to the equipment and installations that are already in place and operating at all other facilities of the Vostochny Port JSC.

According to Anatoly Lazarev, Managing Director of Vostochny Port JSC, the private sector is presently supporting the goals and targets that were set by the government. At the same time, the development of the port infrastructure in the Far East will also be profitable for the port itself. Long-term contracts for 3 to 5-year periods, which guarantee cargo loading volumes, and great work experience on the Russian coal export market, allow us to minimize the financial risks associated with the significant increase in capacity — almost twice the present level — of the Vostochny Port JSC.

“The third phase of Vostochny Port JSC, including the additional railway parks, is being built without any government financing,” Anatoly Lazarev told the EastRussia News Agency. “The overall investments amount to approximately 27 billion rubles.”

The Vostochny Port JSC development project has secured a long-term cargo loading volumes. “In order to ensure the successful operation of a company in this sector, three important components are required: an experienced team, reliable equipment and a client base,” noted Anatoly Lazarev, Managing Director of Vostochny Port JSC. “We have the first component, our company has always been proud of its qualified personnel. As for the second component – the equipment for the third phase of the coal-handling complex is supplied by the world’s leading producers of specialized technology solutions. And finally, the third component – in 2015, during the first Eastern Economic Forum, we signed a number of agreements with the largest coal producing companies in Russia (Kuzbassrazrezugol Coal Company JSC and Siberian Coal Energy Company JSC) on cooperation and collaboration in terms of organization and provision of transshipments. These agreements already guarantee to load a part of the capacity of the third phase up until 2030.”

Managing Director of Vostochny Port JSC, including the additional railway parks, is being built without any government financing,” Anatoly Lazarev told the EastRussia News Agency. “The overall investments amount to approximately 27 billion rubles.”

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To August, Alexander Novak, Head of the Ministry of Energy, announced an important event for the Vostochny Port JSC during a meeting with Russian President Vladimir Putin. “This year, for the first time in our history, Vladimir Vladimirovich, our overall volume of exports of coal going to the East has exceeded exports to the West. That means that the Western direction used to be dominant, but this year, we have exported 51% of our coal to the East, mainly to countries like Japan, South Korea, India, and Vietnam. This direction is being developed, the port infrastructure is developing, and exports are growing despite some difficulties when it comes to pricing... Presently, the prices for our coal are somewhat low,” said Alexander Novak.
The Road to Leadership
The Far East will become a leader in the fuel and energy industry in upcoming years

The Far East, which has become a new center of industrial development, is gradually turning into one of the leading producers and exporters of oil, gas and coal in the country. Active development of new deposits and construction of processing plants is underway. The macroregion holds enormous reserves of energy resources in its depths, and even the negative trend of recent years in connection with the lower cost of raw materials is not affecting the vector of its development.

In recent years in the Far East, the fuel and energy sector, special emphasis has been placed on the production of liquefied natural gas (LNG), which has become a kind of "calling card" of the macroregion. The most successful project is the first LNG plant in Russia, built as part of the "Sakhalin-2" project (in which Gazprom and Shell are engaged). In 2015, the volume of LNG production in the framework of the "Sakhalin-2" project came to 10.8 million tons.

As for future LNG projects, Rosneft plans to build the "Far East LNG" plant, although the company has already encountered certain difficulties at the stage of idea development. For example, the year 2015 was marked by lawsuits between Gazprom and Rosneft. As a result, Rosneft decided to choose another location for "Far East LNG" and now plans to place it in the Khabarovsk Territory, near the De-Kadi oil terminal. Furthermore, in the Primorsky Territory another Gazprom project for the production of liquefied natural gas, "Vladivostok LNG," was planned. However, due to the unfavorable economic situation, this project has had to be postponed. At the same time, plans for construction of a new third stage of the existing LNG plant on Sakhalin, which remains the flagship of the industry, are being implemented.

In addition, the government of Russia recently suggested the building of new plants for liquefied natural gas production on Sakhalin and along the route of the "Power of Siberia" gas pipeline to Japanese companies. However, the situation on the global LNG market has become more challenging. The revenues of Sakhalin Energy, the operator of the "Sakhalin-2" project, from LNG exports continues to decline. In the first half of 2016 the company received $1.7 billion, which is 34% less than during the same period last year. In these circumstances, it is looking for new markets (for example, China) and is not abandoning plans to expand production.

Meanwhile, the Far East is gradually becoming a major producer and exporter of "conventional" natural gas.

Far East is gradually becoming a major producer and exporter of "conventional" natural gas.

The Far East might not play the leading role in Russia’s fuel and energy industry, conceding that to Siberia, but it shows a strong positive trend as the main center of new industrial development in the country. The macroregion’s share in the country’s oil production is about 4.4%. Gas production is at approximately the same level and amounts to about 5%. The macroregion accounts for 8.7% of all coal exports, and there was an overall 18.1% increase in coal production in 2015, up to 6,165.7 thousand tons. However, the Far East remains in last place for electricity production among Russian energy zones, with a 4.5% share (47.7 billion kWh). At the same time, the very important transit role of the Far East, through which exports of oil and coal from other regions of the country pass, especially from Siberia, should not be forgotten. Indeed, oil transportation through the unique Eastern Siberia-Pacific Ocean pipeline is constantly growing, and the capacity of coal port terminals in the Primorsky and Khabarovsk Territories is being expanded.

The "Power of Siberia" gas transportation system, which is now under construction and will cross the territory of the Irkutsk region, Yakutia, the Amur region, the Jewish Autonomous Region and the Khabarovsk Territory, has become the main project there. The system will deliver gas from Yakutia and Irkutsk gas production centers to Far Eastern consumers and for export to China. Delivery is set to begin in 2019. The total length of the pipeline will be around 4,000 km, with a design capacity of 61 billion cubic meters of gas per year. The principal field of the Yakutia gas production center is the Chayandinskoye oil, gas and condensate field, containing large reserves of natural gas. Its development will turn Yakutia into one of Russia’s leading gas-producing regions.

At the moment, project is being implemented according to the schedule; in 2016 construction of 400 km of pipeline is planned. However, Gazprom, which is implementing this project, is believed to be facing difficulties with its financing. With the slowdown of China’s economy, there may also be problems with the sale of natural gas. However, "Power of Siberia" has not yet had serious difficulties which could prevent the implementation of the project. Moreover, construction of the Amursky gas processing plant in the Svobodny district...
The coal industry of the Far East is developing and increasing production and export.

In addition, coal companies, working for export contribute to the construction of large port terminals, mainly in Khabarovsk Territory. The Siberian Coal Energy Company and Sahatrans (Volga Group) are engaged in increasing the capacity of the coal terminal in the Bay of Muchka in Vanino port, which will make it possible to deliver up to 24 million tons of coal per year to Asia-Pacific countries by 2020. The Sahatrans project is also one of the projects supported by the federal government.

Other regions of the Far East are also gradually becoming major coal producers. The Australian company Tigers Realm Coal Limited, which will develop the Fandyushkinskoe Field coking coal deposit (this project is being implemented on the territory of the “Beringovsky” ASEZ), plans to expand its presence in the Far East: a thermal power plant (FNPP) off the coast of Chukotka, which will be able to replace the decommissioned Nizhne-Bureya hydroelectric power station in the Amur region.

In part the problem of power supply in the Far East can be solved using its powerful hydro-power potential. RusHydro is constructing the Nizhne-Bureya hydroelectric power station in the Amur region, the launch of which is scheduled for December 2016. Installation of two additional hydraulic units is planned at the Ust-Srednekarskaya HPP in the Magadan region. However, the long-standing idea of making the Far East a major exporter of electricity (primarily to China) is still just
At Kamchatka geothermal energy provides for about 40% of the electricity needs of the region.

The development of alternative power generation in Far East during recent years should be noted. It will provide remote areas with energy and reduce its cost, and in addition, replace the retiring diesel power capacities. OJSC RAO ES East is working hard in the Far East to create alternative power generation; it has built eight solar power plants and three wind power generation facilities in the period of 2013-2015. Recent projects include a solar power plant commissioned in 2015 in Balagai village of the Verkhoyansk district in the Sakha Republic (Yakutia), with a capacity of 1 MW, which is the largest of its kind beyond the Arctic Circle. In May, Sakhaenergo (a subsidiary of Yakutskenergo, which is a part of OJSC RAO ES East) began construction of solar generation sites in three remote and inaccessible villages in Yakutia. For the Republic, development of renewable energy sources is indeed very important, as due to the use of diesel power stations in the Arctic zone of Yakutia, average electricity rates are twice those in the central areas.

In addition, wind-power engineering is gradually developing. For example, OJSC «RAO ES East», in conjunction with Japanese companies Komai Haltec Inc and Mitsui & Co, built wind parks in Ust-Kamchatsk of the Kamchatka Territory and Novikovo village in the Sakhalin region in 2015. Yakutia’s government is implementing a joint project with Komai Haltec Inc for the construction of an experimental wind park with a capacity of 1 MW in the arctic village of Tiksi.

Meanwhile, Kamchatka has another unique resource - geothermal energy, which provides for about 40% of the electricity needs of the region. Preparations are now underway for the launch of a new geothermal power plant, which will increase the capacity of the Mutnovsky Geothermal Power Plant, one of the main producers of electricity of the Central Kamchatka generation system. It should be noted that the topic of alternative energy in the Far East is at the center of the federal government’s attention. In the spring of 2016 Deputy Prime Minister and Presidential Plenipotentiary Envoy Y. Trutnev emphasized the importance of geothermal energy in Kamchatka and called for further development of this type of renewable energy in the region.

Thus, the fuel and energy sector of the Far East has been developing successfully in recent years, gradually transforming the macroregion into one of the leading manufacturers and exporters of oil, gas and coal in the country. A number of major projects of the Far Eastern fuel and energy sector are taking place in Advanced Special Economic zones or have the status of priority investment projects supported by federal authorities. The Far East has also its own distinct specialization, such as the production of LNG, and offshore oil and gas extraction. Difficulties in the development of the fuel and energy sector were connected both with the financial problems of individual business players and with external factors of the changing situation on the world energy market. In general we can say that the industry has been resistant to challenges and has adapted to the existing conditions. Meanwhile, the problem of high electricity rates, which seriously limit the potential of the Far East’s economy, is yet to be solved.
Developing energy for development of Far East

The Far-Eastern energy complex witnessed huge momentum in 2012, after a long period without any renovations. During that year, public funds were allocated for the construction of four new electric power stations in the region, by the decision of Vladimir Putin, the President of Russia. Today, construction works are in their final stages, and the stable operations of these new stations will not only enhance the existing energy system, but also provide the energy needed for growth, i.e., satisfying the demand of investors who keep coming into the region.

The implementation of projects was entrusted to RusHydro PJSC and its subsidiary company RAO ES of the East PJSC. The most time-sensitive and crucial thing for the region is to complete the “presidential” federally funded construction of new power stations as soon as possible. The implementation of these projects was entrusted to RusHydro PJSC and its subsidiary company RAO Energy Systems of the East PJSC – an integrated center responsible for the regional energy sector. Each of the four electric power stations will make it possible to develop particular sectors in the respective territories.

The first facility of this program is the second phase of the Blagoveschensk CHP plant. The construction work has already been completed, and its equipment has been put into operation. The need for expansion here was dictated by a vital need – the capital city of Amur Region has suffered from a lack of heating for many years, and the deficiency was so high, that new heat consumers were not able to connect to the heating system. Now, the heat can flow into residential clusters with their apartment blocks rising above the city, and into the greenhouse facilities of local agricultural enterprises, which are ready to compete with Chinese vegetable suppliers, and into many other businesses as well. The effect of this capacity increases will be seen very soon.

The construction of the power station in Yakutia has entered its final stages. Today, Yakutsk is the fastest growing city in Russia’s Far East. This is a unique construction project, as it is taking place on permafrost (perpetually frozen soil). After it is completed, the new energy capacities will fully satisfy the city’s growing demand. New residential districts will be connected to the heating system, and electric power will be available to new enterprises, including the Kangalassy Industrial Park Advanced Special Economic zone. Perhaps the development project most closely connected with the region is the CHPP in the city of Sovetskaya Gavan in Khabarovsk Krai. Here, a new maritime and logistics cluster is being formed, and a Port Special Economic Zone has been created. In the neighboring city of Vanino, a Free Port Zone has been established. However,
megaprojects

the existing station, Maiskaya State Regional Power Plant (SRPP), was built almost 100 (!) years ago. This new station will provide energy to a multi-functional port and ship-repair center, container and coal terminals, help develop fish and sea-food processing, and satisfy other requirements of businesses operating in the Free Port. The benefits for local residents are also important – today, the centralized water-supply system operates only from October to May, during the heating season, but after putting the CHPP into operation hot water will be available to residents throughout the year.

The new station in Sakhalin is of particular importance for the region. The mining and processing industry is developing rapidly on the island, which is why a reliable electric power reserve is desperately needed, and all the more so as the current SRPP has almost exhausted its calculated service life. For the Island, notorious for its destructive cyclones, which are a long-lasting source of major concerns for utility providers, it is important that the new station be located at the intersection point of main high-voltage power lines. This will provide a substantial increase in the sustainability of energy infrastructure of the electrical grid infrastructure of the entire region. Naturally, it was impossible for the new energy program to ignore Vladivostok, one of the largest far-eastern cities and capital city of Primorsky Krai. The capital city of Primorsky Krai has long been considered a weak point when it came to its electric supply – the largest energy-producing facilities are located in the northern part of the region, while the main consumers are in the south. Moreover, Vladivostok is being gradually surrounded with points of economic growth – the southern part of Primorsky Krai was declared a Free Port Zone, and in close vicinity to the city itself three ASEZ (Advanced Special Economic zone) have already been established; these are the Nadezhinskaya ASEZ, Mikhailovsky ASEZ and Bolshoi Kamenniy ASEZ. To satisfy growing demands, a new CHPP called Vostochnaya is being built in the city by RAO ES of East PJSC using its own resources and loan capital. This project, in its own way, is unique – because the creditors, including the European Bank for Reconstruction and Development, made it a strict condition that this power facility must comply with the most stringent environmental requirements. As a result, Vladivostok will receive one of the most modern and safe electric power stations in the country.

Far Eastern Grids Company, which services the energy grid complex in the southern regions of the Russian Far East, has received requests to connect ASEZ facilities to the 310 MW power lines by the end of 2018. In the Kamchatka Peninsula, the power supply connection needed is estimated at 43 MW, and in Yakutia at 4 MW. In other regions, the requests are still being prepared.

It was impossible for the energy program to ignore Vladivostok.

Five largest energy development projects

1. Blagoveschensk GHP (2nd stage)
2. Yakut SDPP-2 (1st stage)
3. CHP In Sovetskaya Gavan
4. Sakhalin SDPP-2 (1st Stage)
5. CHP “Vostochnaya”

| Federal budget provided target financing for the construction of 4 priority thermal power plants |

| Total electric capacity of the plants under construction: 692.5 MW |
| Total heat capacity: 1296.2 Gcal/h |

briefs

Connecting ASEZ projects to the power supply is the top priority for power engineers

Far Eastern Grids Company, which services the energy grid complex in the southern regions of the Russian Far East, has received requests to connect ASEZ facilities to the 310 MW power lines by the end of 2018. In the Kamchatka Peninsula, the power supply connection needed is estimated at 43 MW, and in Yakutia at 4 MW. In other regions, the requests are still being prepared.
megaprojects

From barriers to possibilities

The most powerful Russian solar power plant is currently operating in Crimea, which is by no means surprising. However, the Far East remains an absolute leader in terms of construction speed and commissioning of new projects in the field of renewable energy. Only here, thanks to the efforts of RAO ES of the East, the implementation of RES technologies is systemic and allows solving the most acute regional problems today. Solar, wind and geothermal sources bring electricity to isolated settlements, and allow saving millions of state budget funds annually.

Survival issue

The Russian Far East has a huge potential for renewable energy development. The sun shines on a major part of the region’s territory 250–300 days a year. Moreover, there are big opportunities to use wind energy and an immense number of small rivers (on Sakhalin Island alone, there are almost 40,000 rivers). And this is not including its volcanoes and geothermal sources. The prospects are unlimited.

In spite of economic difficulties, alternative power generation in the Far East keeps developing systemically. Today on Kamchatka Peninsula, 40 percent of energy consumption is supplied by geothermal sources. Wind power farms have been built in Ust-Kamchatsk and on Sakhalin. Thirteen solar power plants have been built and are operating successfully in Yakutia, including the biggest solar power plant north of the Arctic Circle, in the settlement of Batagay, commissioned in December 2015. The capacity of this plant, consisting of 3,360 polycrystalline modules (on a territory of 4.3 hectares or four soccer fields) is one megawatt. With the project costing almost 250 million rubles, it has led to diesel fuel savings (the only energy source in the settlement) of 300 tons or nearly 16 million rubles annually.

Power engineers consider the Republic of Sakha (Yakutia) as the center of RES development in the region. For a region with a territory exceeding that of France by four times, a population of only about one million people and a temperature range of 110 degrees (from minus 70 degrees in the winter to plus 40 degrees Celsius in the summer), renewable power generation is not a tribute to fashion, but an issue of survival.

There is no unified energy system in Yakutia, in the Arctic Zone and in the regions of the Extreme North life is sustained on local power generation, mostly running on diesel fuel. Considering the cost of diesel fuel and long delivery periods, in some settlements the cost of one kilowatt-hour reaches 383 rubles, and often at some diesel stations it almost doubles – up to 685 rubles per kilowatt-hour, says Vice-Chairman of the Government of the Republic of Sakha (Yakutia), Igor Nikiforov.

“Fuel delivery to some settlements takes up to two years,” says the first deputy prime minister of the Republic of Sakha (Yakutia) Alexey Kolodeznikov. “First the fuel is transported down the Lena River, then it is stored in the base station until the beginning of the Arctic Navigation Season over the Arctic Ocean. Afterwards, when the Northern Sea Route opens, the fuel is forwarded to other storage points, and after this, we wait for either the winter roads (an automobile road operable during winter only), or the unfreezing of the northern rivers. This leads to high costs per kilowatt-hour.”

Cross-subsidies make the situation with tariffs even worse – the price load on maintenance of local power generation is redistributed to consumers of the central power supply zone. The load on population and enterprises under the cross-subsidies program reached 6.8 billion rubles in 2016.

Local authorities acknowledge it is possible to decrease tariffs and the load on the power system at the expense of liquidation of the cross-subsidies program and the use of other sources of energy. According to Alexey Kolodeznikov, it is obvious right now that under the prevailing conditions of the Republic, with its climate and distances between population centers, renewable energy sources are very beneficial. Local stations with a capacity of up to one megawatt may become sources of energy in remote communities.

13 SOLAR PLANTS, 3 WIND PLANTS with a total capacity of 3.6 MW operate in the Far East.
The first solar power plant in Yakutia was installed in the settlement down the Lena River by motorboat takes nearly four hours, which for the locals is considered rather close. The plant consists of 256 panels with a total planned capacity of 60 kilowatts, and allows saving 15 tons of diesel fuel annually (nearly 600,000 rubles), stated Alexander Yefimov, head of Alternative Energy Sources Unit of Sakhaenergo. During the season of active sunlight, the plant generates 70 percent of the energy consumed by the settlement, and in the winter, it generates nearly 40 percent. All the rest is provided by a diesel generator. This SPP is constructed out of imported equipment – Chinese solar panels and German inverters. The installation cost six million rubles, with almost the same amount being spent on storage elements.

There are 13 SPPs (1,335 kW) in total operating in Yakutia today, but this is definitely not enough for a huge territory with a limited infrastructure. A unique regulatory framework was developed in the Republic to attract investments and to develop renewable energy. However, the ruble’s weakening against foreign currencies also affected energy projects. According to the estimates of specialists, the payback period of investments in this sphere is 7–10 years, but due to the foreign currency exchange rate, the cost of equipment has increased, and the payback period has been increased respectively.

Nevertheless, interest in the Republic from the side of foreign companies is not decreasing, and this is not just a question of profits. Natural and climatic conditions of Yakutia pose not only a challenge, but also provide certain advantages for the Republic, which has become a unique site for the development of innovative technologies in the field of RES, or, as power engineers say – the place where nature tests not only people, but equipment as well.

From problem to solution

Patrick Willems, the head of IFC’s program on Developing Renewable Energy in Russia, is convinced that the alternative power generation has a promising future in the Far East. “The world has good examples of RES development in isolated regions. For instance, in the city of Kodiak, Alaska, where up to 99% of energy is generated by alternative sources. We just need to consider obstacles as opportunities,” the expert stresses.

In addition to economic feasibility, the adoption of the Paris Agreement on Combating Climate Change also forces Russia to develop RES. According to the document, member states must decrease greenhouse gas emissions by 25% from the level of 1990, and decrease all emissions by 5 percent by 2030. This means that Russia can be expected to improve its regulatory framework and create conditions for the development of renewable energy sources. The hope remains that RES development will start a little bit before the hydrocarbons run out.

The overall effect of the program is savings exceeding 46 thousand tons of diesel fuel per year.
The Russian Far East has vast marine biological resources. About 20% of all fish in Russia is caught in Kamchatka alone. However, not only does the catch not reach the central regions of the country; it does not make it to the market stalls of coastal regions either. Practically all fish caught is exported. Urgent measures adopted by the authorities should change the current situation.

Federal and regional authorities are seriously worried about situation taking shape, and the last year has been distinguished by serious changes in the development of the fishing industry. A lack of investments, deterioration of operational assets, a deficit of capacities for processing and storage, and focus on export to the detriment of the domestic market – these are the problems which the initiatives currently being implemented must help solve.

Amendments to the federal law “On fishing and the preservation of aquatic biological resources”, which were adopted in spring 2016, were of great significance to the industry. They aim to attract investments and eliminate quota “rentiers” from the industry. The principle of long-term assignment of resources was introduced, which means that quota shares will be assigned not for 10 years, as had been done since 2008, but for 15 years. In addition, the threshold for development of aquatic bioresources was raised for two years in a row, from 50% to 70% of the volume of allocated quotas. This measure serves to fight quota “rentiers” – enterprises which do not have their own fleet and do not catch fish, but receive and resell fishing quotas.

After long discussions, a legislative regulation was adopted on investment quotas, so called “keel quotas”, which are designed to stimulate the building of ships for the fishing fleet, as well as coastal enterprises for processing of aquatic bioresources. It is anticipated that 20% of quotas will be distributed for investment purposes, which may include the purchase of new fishing ships built at Russian shipyards, as well as the creation of domestic fish processing sites. This initiative is intended to solve the problem of the serious deterioration of the Far Eastern fishing fleet, which is up to 80%, as well as provide a workload to Russian shipyards. At the same time, there is still a risk that the redistribution of quotas will harm small fishing enterprises which cannot invest in ships because of their high cost and could lose their quotas. Furthermore, at this moment the large national shipbuilding enterprises do not have free capacities, as operating shipyards are booked with orders for several years in advance. Nevertheless, there are reasonably good options for the development of shipbuilding directly in the Far East (one of the last initiatives appeared...
in Sakhalin, in the city of Nevelsk), as well as in other regions of the country (at the facilities of the industry leader, United Shipbuilding Corporation) for the benefit of the Far East.

The law also establishes that fishing territory is one whole and the user makes the choice between industrial and near-shore fishing at his own discretion. However, within the scope of near-shore fishing, only refrigerated fish should be delivered to the shore—delivery of frozen near-shore fish, which usually does not enter the domestic market, but is exported abroad for processing, is prohibited. The opinions of experts concerning this initiative differ. Some state that it will negatively affect near-shore fishing. At the same time, these measures will make it possible to change the status of near-shore fishers, which in reality exported frozen fish abroad. Now they will have to take up industrial fishing, and the Far East regions will have access to a larger volume of refrigerated fish. On the one hand, the consequences of adoption of the law could actually be harmful for some part of players on the fish market; but on the other hand, a qualitative change in the fishing industry is impossible without these steps.

The problem of insufficient investments could be solved through cooperation with foreign companies, primarily Japanese and Korean ones. In particular, in exchange for fishing quotas, Asian partners will be offered the opportunity to build fish processing capacities in the Far East or invest funds in the purchase of Russian ships. The idea is currently being actively discussed by Russian and Japanese parties. Criticism of this approach consists in that it does not solve the problem of providing the domestic market with fish, as the product obtained will most likely be exported. At the same time, it could be effective for attracting investments and will solve the problem of producing fish products with high added value, thus bringing in additional revenues to the industry.

Fish will return to the country

Important steps are also being taken for the purposes of increasing accessibility of fish products for the population and decreasing its cost. Among the innovations it is worth mentioning the creation of an electronic fish exchange in the Sakhalin Region, which will allow consumers to obtain fish products directly from suppliers by participating in auctions. As a result, fishing companies were able to sell 420 tons of aquatic biological resources for 230 million rubles, which overall is considered a positive result. The exchange is to launch full-scale activities by 2020, after the modernization of the port of Korsakov—a large logistic complex will be created there. It is worth noting that there are hopes of spreading the positive example of Sakhalin to other fishing regions of the country as well.

The above-mentioned near-shore fishing, whose development is one of the priorities of the federal and regional authorities, should also help to provide the population with refrigerated fish at low prices. Sakhalin has become a pilot region, where new rules for regulating fishing in the near-shore zone came into effect this summer. First, a simplified scheme for reporting catches was introduced. According to the changes, fishers registered in the Sakhalin Region who engage in near-shore fishing only in the six-mile zone of Sakhalin and the Kuril Islands on ships up to 24 meters in length can fill in the ship’s fishing log already on shore, at unloading centres determined by the regional government. Second, for the purposes of developing multispecies fishing, incidental catch of so called TAC objects (species for which a Total Allowable Catch has been determined) has been increased from 2% to 10% (aside from mammals, crabs of all kinds and prawns) and limits on incidental catch of species for which no Total Allowable Catch has been established have been lifted for small fleets. Furthermore, starting in 2019, fishermen involved in near-shore fishing will be able to claim state support in the form of additional quotas.

Fishing of this species of fish has increased by 145% compared to 2014, to 60,600 tons

Among positive changes, a ban on drift fishing, i.e., fishing with nets in upper waters, introduced as of January 1, 2016, is worth pointing out. Drift fishing in Russian waters has actively been used by Japanese and Korean fishing companies, which intercepted a significant part of salmon from Russian near-shore enterprises. In addition, fish was unable to spawn because of this kind of fishing, which threatened the absolute devastation of spawning areas, and thus the end of fishing. The result of the limitations can be seen already. As a result of the ban, migration of humpback salmon has increased in the Sea of Okhotsk, and Magadan fishermen received a catch quota which is 2.3 times larger than the initial one. Eventually, fishing of this species of fish has increased by 145% compared to 2014, to 60,600 tons.

The driver of development of the Far Eastern fishing industry is to be a fishing cluster, the creation of which was initiated by the President of Russia, V. Putin, as early as 2013. Initially the idea of localizing the entire cluster in the bay of Sukhodol in the Primorskiy Territory was being developed, but this idea had to be discarded. In winter 2016 the Russian Federal Fisheries Agency presented a new concept of the fishing cluster, which will include four divisions consisting of Primorskiy Territory, Sakhalin Region (with the Kuril Islands as a separate zone), and Kamchatka Territory.
The leading role will still belong to Primorsky Territory, where the implementation of five large investment projects is planned: The Vladivostok wholesale distribution centre, which will make it possible to solve the critical problem of overloading refrigeration capacities; a flagship plant specializing in producing pollock fillets; an enterprise specializing in frozen semi-finished fish products; a multipurpose fish processing complex for small enterprises within the scope of the “Nadezhinskaya” Advanced Special Economic zone; and an innovative science park with a business incubator and a venture fund. According to the preliminary calculations of the Russian Federal Fisheries Agency, the project will provide an inflow of private investments in the amount of 17 billion rubles, the annual contribution to GDP will come to 4 billion rubles, and tax revenue will amount to 1.6 billion rubles. In addition, 1300 new jobs will be created.

The Advanced Special Economic zone mechanism will also be used for the development of the fishing industry and attracting investments – the “Kurilsky” Advanced Special Economic zone, specializing in fishing, may be created in Sakhalin before the end of the year. In addition, the authorities of Khabarovsk Territory sent a request for the creation of a “Nadezhinskaya” ASEZ, where residents will be engaged in fish processing, shipbuilding and logistics. It is worth noting that two fish processing enterprises opened in the Nikolaevsk district of Khabarovsk Territory, one of which is the largest in the Far East (investments amounted to 1 billion rubles), which contributed to the emergence of an initiative to create a new Advanced Special Economic zone. Individual projects in the area of fish processing will be implemented within the scope of other ASEZ.

Furthermore, four residents of the recently created free port of Vladivostok will be engaged in “fish” projects for a total investment amount of 3 billion rubles, which will make it possible to create about 866 jobs. For example, the Khoral Company will create hi-tech facilities for fish processing (pilchards and mackerel), the Prim Khunchun Corporation will engage in the creation of a complex for processing and storage of marine products, the Vladivostok Fish Terminal will involve the construction of a specialized refrigeration complex for storage and transshipment of fish products, and SeaLife will build a facility for farming of Far East erem trepang, scallops and mussels. Thus, new institutions of development created in Far East are mainly oriented towards the development of the fishing industry and create tax and other preferences for enterprises.

Expansion of our own fish processing capacities by building and modernizing facilities instead of exporting raw materials to other countries, as well as providing the domestic market with products at moderate prices, are the main priorities of the development of the commercial fishing industry of the Far East. Over the last year a number of legislative initiatives were adopted which changed regulation of the industry significantly and for the better, and created incentives for attracting private investments in various investment projects. However, a lot more time and effort will still be needed to accomplish fundamental transformations and obtain concrete results.

**focus**

Project will provide an inflow of private investments in the amount of 17 billion rubles

The first agreement on exporting fish via exchange and auctions will be signed at the Eastern Economic Forum

The preliminary brokerage agreement was concluded between the Far Eastern Auction Fish House and China’s Donggang Zhunzen Group. The document was signed in Vladivostok in the presence of the vice governors of Primorsky Krai and Liaoning province. The final agreement will be concluded at the EEF. The use of exchange and auction trade for sales of Russian fish and products from the seas, including for export, became possible after Vladimir Putin introduced changes to federal law. This document authorizes foreign parties to be part of deals on the exchange.

A russian-chinese agreement on exchange trade in fish to be sought at the Eastern Economic Forum

A special Forum session “Aquatic Bioresources in Exchange for Investment” will be devoted to development of the fishing industry complex. A number of agreements will be concluded at the EEF with investors for fishing industry projects, according to the press services of the Primorsky Territory Administration. In particular, the Far East Fish Auction House and the Liaoning industrial corporation Jun Tseng Group are to sign a contract on exchange transactions in the fishing sphere, involving investment of RUB 2.2 billion. TINRO Center plans to open an enterprise for capturing and processing Far East sardines and Japanese mackerel at enterprises of the Far East fishing basin, with investment of RUB 7.2 billion. After the Forum, a project will be launched for creating a high-tech production enterprise for processing sardines, mackerel, Japanese anchovies and Pacific squid, with investment of RUB 1.6 billion, a project for construction of a complex for basin breeding of fish with a capacity of up to 200 tonnes a year, and a project for creating a technopark for Antarctic krill.

About 130,000 tonnes of salmon caught in Russian Far East

Since the start of the salmon season, 128,000 tonnes of Pacific salmon have been caught in the Far Eastern basin. This is a 36% improvement over 2014. Kamchatka Territory achieved the best figures. The health of the salmon fishery was discussed at a regular meeting of the fishing season head office, which was conducted via videoconference by Deputy Head of the Russian Federal Agency for Fisheries Vasily Sokolov. He noted that 84,000 tonnes of salmon have been caught in Kamchatka Territory, which is 27.4% more than the level recorded in 2014. In Sakhalin Region, 9,800 tonnes were caught, and in Khabarovsk Territory, the figure was 34,400 tonnes. The total catch of salmon in Primorsky Territory, Magadan Region, and Chukotka Autonomous District was 4,196 tonnes.
Oleg Kozhemyako:
“The construction of a Marine station in Korsakov is crucial for the region”

– Which Sakhalin Oblast projects and agreements presented at the Eastern Economic Forum 2015 were developed during the past year? How would you assess their implementation and importance for the region?
– In 2015 the delegation from the Sakhalin Oblast entered into a total of 11 agreements and intent to Cooperate protocols. These span the development of different areas of the island’s economy: fisheries, coal and forest industries, agriculture, transport infrastructure, and also inter-regional relations. I dare say that there isn’t a single minor or low-priority agreement or protocol among them. Throughout the year, we moved on to the implementation stage of these agreements. For example, the Fish Stock Exchange project has been being carried out since September of last year. The agreement for its creation was reached with Sberbank. The auction section for biological water resources was launched on Sberbank’s universal electronic platform referred to as the Automated System for Trading. A direct dialogue between fishery companies and trading enterprises was successfully established, and the numerous middlemen who had been directly responsible for the constantly increasing prices of seafood were put out of business. This is a totally new project for Russia as a whole, and it will be carried out in several phases. The next step is the formation of a genuine fishing cluster in the Port of Korsakov that contains an industrial cold-storage plant for products, processing capacities and a ship repair area.

Another agreement – this one with the Far East and Baikal Region Development Fund – is also currently being implemented. The funds necessary to finance the Sakhalin investment projects were invested in the authorized capital of the company, and now these projects are part of the Advanced Special Economic zones of Gorny Vozdush and Yuzhnaya.

Common interests have allowed us to tighten our ties with the geographically remote Belgorod Oblast. I would like to recall that the governments of the two regions have already signed an agreement on trade, economic, scientific, technological and cultural cooperation. As a result, cooperation was solidified between business structures: now there are direct deliveries of Prisokolk and Yasnie Zor chicken products from Belgorod Oblast to Sakhalin Oblast, and also Sloboda fat-and-oil products, vegetables and canned dairy products.

The agreements reached at the Economic Forum give us great hope for large projects in the coal and agriculture sectors of Sakhalin. Currently, the exploitation of the Solntsevsky Coal Field by the Eastern Mining Company is moving to a new level of technological development. With support from the Far East and Baikal Region Development Fund, they plan to build the largest coal mine conveyor belt in the country to connect the Solntsevsky Open-Pit Mine with the Port of Shachtinsky. Coal will be delivered 28 kilometers to the harbor and then loaded onto ships. The designer for this conveyor belt is currently being selected.

The agreements reached at Eastern Economic Forum 2015, two big projects in the Yuzhnyy Advanced Special Economic zone were launched in the agricultural sector. The initiators for these projects were Merci Agro Sakhalin Company and the Khankaisky Agro-Industrial Complex Green Agro Sakhalin. The first is a pig farming complex with a capacity of 62,000 heads located in the village of Taranay in the Aniva District. The other is two livestock farming complexes with 1,900 milking cows each, located on state owned farms in the southern part of the island. The deadline for the completion of the first project is 2017, and the second one will be finished by 2018. As a result, Sakhalin Oblast’s economy will be significantly bolstered. In all, about 500 new jobs will be created, and annual milk production will reach 33,000 tons (and dairy products up to 22,000 tons). The level of local pork supply to local
Numerous middlemen, which had been directly responsible for the constantly growing prices of seafoods, were put out of business. Residents will also increase from 27 to 67%.

“What will the region present at this year’s Eastern Economic Forum? Which projects are currently being prepared to be featured? Can we already discuss certain agreements that might be signed at the Forum? Which projects would you like to highlight?”

“We have many plans, and we also have preliminary agreements with the representatives of Russian and foreign companies. In total, we have more than 15. As far as projects for the presentation are concerned, I would like to highlight two of them. They are included in the total 28 projects of the Far East regions that will be presented to all potential investors during the pitch-sessions.

One of the Sakhalin projects is very important for the development of the regional transport infrastructure: the construction of a passenger Marine station with a pier in Korsakov so ocean cruise ships can dock. This will be a modern building to serve passengers at a qualitatively new level. Marine passenger transportation to the Kuril Islands will be conducted through this port, and ferries will come here as well from Wakkanaï. In addition, cruise ships with a large number of tourists can cast anchors regularly in the port. The pre-project work is currently underway, and its construction will start next year. The project will be carried out with the support of three investors: the Korsakov Marine Trading Port, Sakhalin Marine Gates Company and the Corporation for the Development of the Sakhalin Oblast.

The second project is aimed at ensuring the food security of the Sakhalin Oblast. Two livestock farming complexes will be built with a total capacity of 3,800 animals. One will focus on dairy farming, and this complex is already being built. Specialists have started to create the forage base, and significant areas have been planted with the required grain crops. Several dozen modern agricultural machines have also been purchased. The enterprise will own its own milk processing facilities.

There will also be a complex with 1,900 cows for meat livestock farming, and a beef processing plant is planned to be constructed nearby. Green Agro Company will be the project’s investor.

“The participation of Sakhalin Oblast in the Eastern Economic Forum 2015 was remembered for its large gift of red caviar. What will be the highlight this year?”

“This time Sakhalin Oblast came up with an ingenious solution to interest any attendee: a hologram. We will discuss the tourist attractiveness of Sakhalin Oblast using art objects. A 3D visualization will allow visitors to become immersed in many parts of the region and to get to know its natural heritage. Visitors will be able to travel virtually through the Gorny Vozdük (Mountain Air) sports/tourism complex, which will become the base of the Advanced Special Economic zone sharing the same name. Visitors from different Russian regions and other countries come every winter to go skiing on its slopes. Currently, it’s undergoing a bit of modernization: the length of the trails is being increased and new cableways are being built. This work should be complete by 2020. Visitors will be able to see Bolshevik Mountain and ski slopes in the hologram. Moreover, in the Sakhalin Oblast pavilion located on Far East Street, we will have a special simulator that imitates skiing down mountain slopes. These types of simulators are used by professional athletes as they prepare for competitions. What’s more, it can give budding enthusiasts an insight into this kind of sport. We hope that later we can see visitors to our pavilion on the ski slopes of Gorny Vozdük. This will be the very start of their acquaintance with the only island region in Russia.
When the Sea of Okhotsk became “domestic” in 2014 and 52,000 square kilometers of formerly international waters came under Russian jurisdiction, the country had to take a fresh look at the defense of its eastern borders. It needed to build a full-fledged military base on one of the Kuril islands to ensure the safety of waters of the Sea of Okhotsk and a large part of the eastern coast of Russia. Matua was the obvious choice. In May and June, the Defense Ministry and the Russian Geographical Society made an exploratory expedition to the island.

Secrets of Matua Island
During World War II, Matua Island was one of Japan’s staunchest fortifications. During World War II, Matua Island was one of Japan’s staunchest fortifications. The small island was a base for major military units. The small island was a base for major military units.

During World War II, Matua Island was one of Japan’s staunchest fortifications. The small island was a base for major military units.

There were large-caliber guns and plenty of equipment. A military airfield with three runways that were probably heated by hot springs astounds the imagination. Huge fortifications, underground bunkers with walls 3 feet thick, large-caliber guns and plenty of equipment. A military airfield with three runways that were probably heated by hot springs...

According to various accounts, the Japanese may have built a secret transhipment base for their submarine fleet, a top-secret research lab and even a repository for the Empire’s treasures. Exactly what was there remains to be discovered because all that the Soviet troops found there in 1945 was a bunch of military construction workers whose job was to mothball the facility. Yevgeniy Vereshaga, head of the Kamchatka-Kuril regular expedition, said the Japanese garrison had obviously prepared the island for surrender to Soviet troops. All the really valuable stuff might reveal the plan of defense as the overall defensive space. Expedition members think this data for blueprints of underground and above-ground fortifications as well as the overall defensive space. Expedition members think this data might reveal the plan of defense as the overall defensive space. Expedition members think this data might reveal the plan of defense as the overall defensive space...

Expedition of the Russian Geographical Society and the Ministry of Defense
200 people took part in an expedition led by the deputy commander of the Pacific Fleet, Vice Admiral Andrei Riabukhin. Besides representatives of the Russian Geographical Society, the Ministry of Defense, and various scientific organizations, servicemen from the Eastern Military District and the Pacific Fleet and members of the S. M. Kirov Military Medical Academy joined the expedition. The expedition also involved six vessels from the Pacific Fleet led by the large landing ship Admiral Nevelskoy.
Overview

Matua Island

Matua is an island in the mid-eastern part of the Greater Kuril Ridge. As an administrative division, it is part of the North Kuril municipal district of the Sakhalin region. Uninhabited. Area: 52 square kilometers, about 11 km long from northwest to southeast and about 6-4 km wide. On the island are Sarychev, an active volcano 1,446 m high, and the Hesupo, a small stream with potable water. Bushes and elfin wood cover the island. Alder bushes grow in narrow gullies. Foxes and small rodents inhabit the island. It’s a breeding ground for sea lions. Ringed seals are found nearby. Guillemots, gannets and seagulls nest there. The island is partially scoured, namely the present landscape of the southeastern part. Researchers studied the origins of the low-lying surfaces and heights up to 200 meters. They also cleared drift from a number of coastal cliffs up to 30 meters high and bookmarked key sections (drill pits) to a depth of 4 meters to determine the age of the island. The total length of the exploration route was about 300 kilometers. The explorers saw ancient lava and weathered crust that scientists estimated to be tens of thousands of years old. The research and survey groups also determined that Matua Island had suffered at least 30 tsunamis throughout its existence. The work of the expedition is going on. Scientists are examining the fortifications in detail and cleaning up the underground utilities. Very soon, the coastal area of the island will be prepared to handle a large amphibious assault ship so additional equipment can be delivered there. However, the expedition doesn’t expect its work to be finished anytime soon. According to Defense Ministry representatives, that will take more than a year.

The Key to the Sea of Okhotsk

The official expedition has not yet provided answers to the mysteries and secrets of Matua. Nothing sensational has been found -- no underground bunkers, no labs, no weapons. No matter how things turn out, though, as the main prize is the island itself and its special geography. Matua is almost the midpoint of the Kuril islands and is right next to the Krusenstern Strait. This spot might be called the lock on the gate into the Sea of Okhotsk. Controlling the straits between the islands makes it possible not only to ensure the safety of the interior waterways but also to guarantee free passage of one’s own fleet to the Pacific Ocean. At the same time, the island can be considered a focal point of air force strategy. The official expedition has not yet achieved the fortifications in detail and will likely need clarification on some details, but they’ll be enough for a final decision on establishing a Matua base as a defense at Russia’s borders,” said Victor Pavlyatenko, the lead researcher at the Center for Japanese Studies. “Remember how fast the naval base in the Arctic, on Kotelny Island, was rolled out two years ago. “An approach for ships; roll-out of an airfield; aircraft intake; another approach for ships; a garrison wintering there. And the process is underway.” That’s the example scenario another Eastern Russia interviewee offered. “The decision on Matua has probably been made already. So in the near future, the country will see a lot of exciting stories about the military infrastructure on the Far East island.”

Matua is almost the midpoint of the Kuril islands. This spot might be called the lock on the gate into the Sea of Okhotsk.
The Far East can potentially produce enough food to feed itself.

Currently the Far East highly depends on its food supplies coming from other Russian regions or imports from abroad. However, the situation in macro-region’s agricultural sector will start improving in the near future, due to the attraction of investors, including large national players and foreign companies, to Advanced Special Economic zones projects.

In 2015, the share of the Far Eastern Federal Region was very small, accounting for only 3.1% of the total agricultural output in Russia. Among the Far Eastern regions, more than 50% of total agricultural output is provided by the Amur Oblast and Primorsky Krai — and together with Yakutia and Khabarovsk Krai, their share reaches 82%. However, only potatoes and corn are produced in sufficient quantity in the Far East, traditionally soybeans have been this region’s specialized industry, whose gross yield accounted for more than half of all Russian soybean production last year. As far as the provision of other products, especially meat products, is concerned, these quantities are quite small at the regional level. Meanwhile, in January–June 2016, the Far Eastern Federal District demonstrated growth (+2.2%), according to the agricultural production index, which, in general, is similar to the normal rate (+2.6%) in Russia, compared to the same period last year. Moreover, there has been a tremendous growth (+35.8%) in the Chukotka Autonomous Okrug, though commonly this region is characterized by small and unsustainable production volumes. Particularly mention should be made about the success of Shakhalin (+18.1%), where new regional authorities started placing greater focus on the agricultural sector, in which they invested large state budget funds. The Amur Oblast is also showing rather good growth (+5.3%), where the agro-industrial sector has traditionally been of great importance. Another three regions showing a slight increase are the Magadan Oblast (+2.0%), Kamchatka Krai (+0.9%) and Khabarovsk Krai (+0.7%). It is well known that the authorities of the two remote and rather closed regions — Kolyma and Kamchatka have been paying increased attention to the development of their own agricultural production capacities, and this is yielding positive results. However, there are regions, where the agro-industrial sector plays a significant role and the majority of the population lives in villages, that have slightly worsened their performance: this happened to the Primorsky Krai (-1.0%) and Yakutia (-0.5%), and the Jewish Autonomous Region has experienced the most significant and alarming decrease (-6.3%). The Advanced Special Economic Zones have been created to contribute to regional development of agricultural production capacities, and allow each region to focus on its competitive advantages in the agricultural sector. At the moment 44 out of the 270 projects, proposed and being implemented within the framework of the Advanced Special Economic zone, are Advanced Special Economic zones with a total production capacity of up to one million tons. It is estimated that the total amount of investments into these projects will constitute 86 billion rubles. At this point, three of the Advanced Special Economic zones, out of the 13 established, have an agricultural specialization. Two of them are located in the «most agrarian» Far Eastern regions — in the Primorsky Krai and Amur Oblast: these are the Mikhalsky ASEP and Belogorsk ASEP, respectively. The Yuzhny ASEP, created in the Sakhalin Oblast, also has an agricultural specialization. Apart from that, there will be 10 Advanced Special Economic zone projects realized with a more diverse specialization (such as the Khabarovsk ASEP and Komsomolsk ASEP in Khabarovsk Krai, the Kamchatka ASEP and Nadezhda ASEP in Primorsky Krai and the Kanganass ASEP in Yakutia); these will be in the agricultural sector with the total investment of 13 billion rubles.

Currently the major part of all investments is made in the Mikhalsky ASEZ — according to the applications of 12 investors, at present, the total amount of investments amounts to 61.7 billion rubles. About 40 billion rubles will be invested by two anchor investors, who will be responsible for pig farming. The huge success was the fact that a major player in the agricultural sector Rusagro, operating in many Russian regions and earlier not interested in the Far East, was attracted as a resident to this Advanced Special Economic zone. A subsidiary company of the agroholding Rusagro-Primorie, created in the Far East, is planning to build 10 pig farms with the productivity of 700,000 thousand pigs, and also a complex for producing animal feed and elevators. The total amount of investments by 2020 will amount to 22 billion rubles. The local company Merc Trade is keeping up with Rusagro, it is also building complexes that will hold a total of 700,000 pigs, investing nearly 20.3 billion rubles into its projects. The implementation of these two projects is expected to increase pork production 14-fold in the region by 2018, satisfy the existing needs of Primorsky Krai, organize large supplies to the Far Eastern Federal District, and in the in the long term, achieve enough production to export products. In addition to that, projects in the area of soybean and corn, milk and beef production will be implemented in the Mikhalsky ASEZ.

Currently the Yuzhny ASEP of the Sakhalin Oblast has one officially registered resident, who represents the same business group that is operating in the Primorsky Krai — the Merc Agro Sakhalin. The size of the Sakhalin project is significantly smaller: there the company intends to invest 2.3 billion rubles into the creation of a second phase of pig farming complex for 62,000 pigs. However, in the near future other anchor investors should be attracted in this Advanced Special Economic zone, mainly from the regional players. The Sovkhoz Zarechnoye and Green Agro Sakhalin Company are planning to invest about 4 billion rubles into the construction of two livestock farming complexes with total annual processing capacity of almost 20,000 tons of milk, and the Teplichnyy Sovkhoz will build a greenhouse complex at a cost of 1 billion rubles. These projects are important for Sakhalin, because they are aimed at import substitution and raising the level of food security in the region. Thus, it is expected that the region will be self-sufficient in local pork produced by 67% (at present - only by 15%), milk - by 58%, and greenhouse vegetables - by 81%. These indicators are considered to
be quite good, given the fact that nearly 75% of all Sakhalin food products come from the mainland.

Unlike the Mikhailovsky ASEZ, which was established to significantly reduce the deficit of meat production in the region, the anchor resident of the Belogorsk ASEZ focuses on an already developed area - soybean production. Amuragrocenter Company is planning to construct a unique soybean deep processing plant in Russia, with the total value of investments reaching 1.1 billion rubles, which amounts to more than 70% of the total quantity of investments in this Advanced Special Economic zone.

In addition to that, during the next two years, the first animal feed factory will be built in the Belogorsk ASEZ (Agro-technologies Company will invest 334 million rubles and the Belogorsk Bread Factory - 18 million rubles). At present, the Amur ASEZ is facing the pressing problem of attracting of significant investors, however, the organization of even three production plants, coupled with the unique project of Amuragrocenter are quite good results.

Besides, it is important to note the large project in the Special Economic Zone (SEZ) in the Soviet Harbor of Khabarovsk Krai, where the Thai company Sutech Engineering is planning to build a sugar processing plant at a total cost of 200 million. The company intends not only to provide the Far East with sugar, but also export its products. This project will destroy the monopoly of the single and insufficiently large sugar manufacturer in the Far East - the Primorsky Sugar Plant in Ussurysk. This new project is notable for several reasons. First of all, a large foreign investor will carry out the construction, secondly, the project will facilitate reanimation of the SEZ regime (which thus far was hardly developing in the Far East), thirdly, huge funds will be invested. Though this is only one project, it gives a great signal, encouraging other foreign investors to come in, and increasing the attractiveness of the Khabarovsk Krai in general.

In addition, the Russia-China Fund for Agro-industrial Development will also be assisting the development of the agricultural sector. The initial capital of the Fund has been set at 13 billion rubles, which consists of investments by the management company of the Asian-Pacific Agricultural Fund in the amount of 11.7 billion rubles, and investments by the Far East Development Fund of 1.3 billion rubles. It is expected that the projects will be financed mainly by Chinese partners - 90%, and the rest 10% will be provided by the Russians partly. In order to protect the national labor market, it has been stipulated that no less than 80% of all the employees implementing this project should be Russian citizens. Meanwhile, the share of the foreign employees will not exceed 20%. This condition will help create a sufficient number of jobs for the inhabitants of the Far East. Currently, the Russia-China Fund for Agricultural Development is examining 27 projects with investments amounting to more than 180 billion rubles; these projects are aimed at the development of plant production (cultivation of soybean, corn, rappedese), cattle farming (pigs, dairy stock) and the creation of agro-industrial infrastructure (creation of transshipment and storage capacities). The first projects that are being supported by the Fund will be presented at the Eastern Economic Forum this year. Finally, the famous program «The Far Eastern Hectare», launched starting in June 2016 in the Far East, permits Russian citizens to receive one hectare of land for free in one of the Far Eastern regions. If the land is developed successfully within five years, than the hectares will become the property of the participant of the program. The land can be used for the construction of housing, entrepreneurial activities or farming. The appearance of private farms at these «hectares» do not change dramatically the situation in the agriculture of the Far East, but it will certainly help solve the actual local issues concerning providing the population with local products.

Thus, the Russian government has set high hopes for the implementation of projects in Advanced Special Economic zones, which, among other things, are helping address the food security issues of the Far East. Many experts and government officials suppose that in the medium term perspective, the local projects will be virtually eliminated, and food products in the Far East will become much more affordable. However, this process has just begun, and it is too early to gauge the results. If we assess the current results, we can see that, at present, a great deal of work has already been done, though this process is very slow. Investors, including foreign ones, must continue, as the potential of existing projects is unlikely to change the current food supply situation of the Far East. The most attractive region in the Far East for agrarian investors remains the Primorsky Krai, and it will certainly continue increasing its agricultural production through new projects in the Mikhailovsky ASEZ and consolidate its leadership positions in the macro-region. Besides this, the agricultural development in the Far East might be stimulated by the projects currently supported by the newly established Russia-China Russia-China Fund for Agricultural Development, as well as by the mechanism of Priority Development Areas.
Assorted Far Eastern Cuisine

It is difficult to imagine a more diverse gastronomic region than the Far East. There is no single cuisine, and there cannot be – as there are extremely strong differences between the various regions. However, no matter where you find yourself in the Far East, the food will be delicious, and above all else – unique and healthy.

Far Eastern Cuisine cannot be separated into various segments. Having their influence are the vastness of the territory, the diversity of climatic zones – from arctic deserts to subtropics, and the national traditions of almost a hundred different indigenous communities inhabiting the region. At the same time, on the associative thinking level, the Far East is firmly connect-ed with the variety of gastronomic delights, thus, it is simply impossible not to unify them all. Kamchatka crab, red caviar, sea scallops, shrimps, colt meat, sea and river fish – with dietsicians considering Far Eastern cuisine as one of the healthiest and most delicious cuisines in the world.

Marine areas along the Sea of Japan and Sea of Okhotsk coastline are incredibly abundant with culinary delicacies. The most valuable species of fish, such as salmon, cod, halibut, flatfish and smelt are caught here. There is an abundance of bivalve mollusks (scallops, mussels, oysters), echinoderms (sea urchins, sea cucumbers), crustaceans (crabs, shrimps), and cephalopods (squid, octopus). Various algae are also obtained – the famous sea cabbage (laminaria) and alginnets (the raw material used for the production of agar-agar). The rivers are rich in other species of fish – such as the Siberian sturgeon, whitefish and omul. In the forests of the Far East, wild herbs in large numbers are gathered: actinidia, magnolia-vine, pine nuts, ferns, wild garlic, mushrooms and berries. Meat products are an integral part of Far Eastern cuisine. Reindeer meat, colt meat and also wild game – boars, elks, and various kinds of fowl. There are also the delights, such as meat of marine animals – seals and whales.

Far Eastern cuisine as one of the healthiest and most delicious cuisines in the world

RED FISH

Pacific Salmon is the calling card of the Far East. Rivers, seas and oceans do not just feed residents, but also the entire countryside, along with bears, guarding their salmon trophies in spawning area. In the Far Eastern rivers there are pink, sockeye, chum, coho, chinook and other species of salmon.

There are a lot of recipes for preparing red fish. It can be consumed raw, smoked, dried, salted, grilled – everybody chooses his/her favorite method of preparation.

CRAVS

To be in the Far East and not to try crab means you have wasted your time going there. There is no shame in adjusting your trip to coincide with the season when these arthropods are being caught; it is well known that they are eaten, as are oysters, in those months of the year, which have the letter “r” in their name. Here are some more secrets: it is better to buy crabs over-the-counter, and do not forget to feel the phalanges – not to end up with an empty one. And after that, everything depends on your fantasy – crabs are cooked, steamed or grilled, added to an inexhaustible variety of salads, snacks, or simply eaten boiled.

COLT MEAT

Yakut horse meat is a traditional dish, which is considered as a gourmet dish. Contrary to all expectations, colt meat is not prepared dried and tough, in contrast to version. It is consumed either raw or after heat treatment.

STROGANINA

Stroganina is a national, and one of the main dishes of the indigenous northern people. There is nothing difficult in the preparation of this dish, with the crucial thing being speed. Fresh-frozen fish should be cut quickly – shaved into long thin slices 2 mm wide, sprinkled with salt and pepper and eaten quickly, before the dish has had time to melt. This is very convenient under conditions of eternal frost, and besides this, it is tasty and nutritious. Stroganina is also prepared from meat – colt meat or venison.

TREPANG

An echinoderm, elongated, slightly flattened trepang – is also a sea cucumber – which at first sight it does not seem to be a gourmet dish. However, do not be deceived. Not only does the meat of this mollusk have a nice and unique taste, it also goes well with sea salads, soups and stews, as well as being used in folk medicine. In Asia, the sea cucumber is valued along with ginseng, and its infusion with honey is a sure way to strengthen one’s immune system. Two spoonsful a day – and you can fear no cold.

SACHALIN OYSTER

Sakhalin Oysters are harvested in the open sea, they are not grown on the farm, and thus, it is difficult to encounter them in the European part of Russia – where they are delivered rarely. It is worth visiting the Far East to savor this marvelous gourmet dish. The most striking thing about Sakhalin Oysters is their size: some of them are especially big species – palm-sized, weighing up to 800 grams.
Evgeny Titov: “To enable the businesses of two countries to be jointly fruitful, it is important to prepare the financial groundwork and nurture trust”

Evgeny Titov, the Chairman of PJSC Sberbank on the Far East Russia, spoke to East Russian News Agency on prospects of cooperation between Russian and the Chinese banks.

Only during meetings, but also on a day-to-day basis. We plan to discuss important cooperation issues at this new platform in Vladivostok. RCFC already includes the representatives from 49 banks of Russia and China. Despite the fact that the Council was formed only a year ago, it has already achieved a great deal. During the session, we will summarize our work for the reporting period, will discuss our plans for the second half of 2016 and the year 2017. Together with our colleagues, we share information and analytics both on the banking industry and in general on the economic conditions of our two countries. As part of the investment roadshow, we plan to make a presentation of the largest investment projects and investors from China.

– Do businesses of the People’s Republic of China invest willingly in the Russian economy?
– The main tendencies in the Russian economy are related now to changing oil prices and the unstable position of the ruble. It is no secret to anyone, that the cost of labor in Russia is now cheaper than in China, based on the exchange rate differences. This situation provides certain opportunities for development of the local manufacturing sector, in particular in the Far East. In the first quarter of 2016, the volume of payments involving trade operations in the Far Eastern Bank of the Sberbank of Russia grew by 30%, in comparison to the fourth quarter of the previous year. This bears evidence of a real revitalization of the economy and our external connections with foreign counterparts. Today, around 70% of these operations are performed in the Amurskaya Oblast. We see that the structure of transaction balances is changing. While earlier we imported many goods, now significant product volumes are being exported from the country and, in particular, from Blagoveschensk – from the country and, in particular, from Blagoveschensk – from the territory of Heilongjiang, the province that is the closest to us, this is the Harbin Bank. We signed an agreement for the development of settlements using local manufacturing sector, in particular in the Far East. Also we discussed the actions of clients of the two large banks. In the territory of the Russian Far East, this is Sberbank, in the territory of Heilongjiang, the province that is the closest to us, this is the Harbin Bank, which is a leader in China’s northern province. In this area, we are organizing several activities that will be aimed at introducing clients of two banks to each other.

– Do the clients need this?
– Yes, no doubt. During many years of work with business representatives, we noted that a lack of trust and mutual understanding in relations between partners from different countries is often a stumbling block. Banks act as reliability guarantors. They create the factor of trust. This can be called the main element for business, but not the only one. It is important to form a comfortable settlement and payment infrastructure. It means mutual accounts. Now we are opening correspondent accounts for the Harbin Bank. In the nearest future, they will be opened to serve the clients of another seven banks of China. An effective chain of correspondent accounts will allow making payments between the channels, and will make them cheaper twice.

– Speaking about efficiency.

Quite recently, Sberbank FinLine remote bank service system was started in Yekaterinburg as part of Russia-China EXPO. Please tell us why it is so special?

– I can say with confidence that instant payments between Russia and China have become a reality for the Far East. We signed an agreement with the Harbin Bank. It provides extensive opportunities for development of settlements using national currencies for businesses of Russia and China. Just like the clients of Harbin Bank, pay great attention mostly to speed, transparency and the cost of payments. High technology creates partner relations with the Asian financial world help us ensure this. Even now the geography of the services is almost unlimted. Sberbank FinLine system was chosen for mutual settlements – it is one of the most modern solutions. It will help perform bilateral exchange of payment documents and information between the Russian and the Chinese banks, and obtain the necessary set of online services in real-time mode.

– China’s share in the foreign economic trade balance of the Far East in a short time has grown to 30%. How has the structure of payments in settlements between the two countries changed?
– While in the beginning of 2015, 96% were payments in USD and 2% were national currency payments, this structure changed by the end of last year. Dollar transactions amount...
ed to 90% of the market, while 10% were made in the national currencies. The rate of growth of settlements in national currencies in 2016 accelerate -ed in the first quarter of the current year by 100%, while the value of pay- ments in rubles and yuan rose 50% to 60%. These numbers highlight the necessity to develop the financial infrastructure for faster transactions using national currencies with low- er costs.

– One of the missions of the RCFC is strengthening relations between the partners. Are there special initiatives that contribute to bringing the parties closer?
– Yes, we are already actively implementing these. During a meet- ing in Moscow between German Gref, the President and Chairman of Sberbank, and Guo Zhiwen, the Chairman of the Board of Direc- tors of Harbin Bank, an agreement on intern exchanges was signed. We have been partners with Harbin Bank for a long time now, it was with them that we opened one of our first correspondent accounts. The intern exchanges will help each party learn the cultural peculiarities, customs and business models of their part- ners. This summer, representatives of Harbin Bank completed a week- long internship in the Far Eastern Bank of the Sberbank of Russia. In the course of experience exchange, they discussed the differences when it came to corporate lending and project financing approaches in the two countries. Guests from Harbin Bank learned what capabil- ities Russian businesses have for global market activities, and what demands of Far Eastern corpora- tions are implemented through Sber- bank services. Especially relevant was the exchange of experience in implementing trade financing tools and correspondent relations: such banking service helps regional busi- nesses obtain financing out of the funds attracted by the bank in the international market, which provides an opportunity to reduce the final financing costs for the client. By the way, today we are observing growing demand for trade financing in Chi- na’s commercial markets. In the first half of 2016, the volume of the letters of credit with post-import financing in yuan rose by 80%, in comparison to the same period last year, while the transactions grew by three times.

– During the internship of represen- tatives of the partner bank from the People’s Republic of China, was emphasis made only on studying the business model? Does only this experience help to learn about, and understand each other better?
– The “full immersion” effect is important. Guests had an oppor- tunity to experience the internal life of our bank, they learned its corpo- rate culture, philosophy and values, and the client-centric business mod- el. By the way, our colleagues from Harbin Bank during their internship in the Far Eastern Bank of the Sberbank of Russia noted the similarity of corporate cultures of the two banks. Such an international experi- ence exchange between the finan- cial organizations is a good and use- ful practice. We obtained a great deal of new information, and so did our colleagues from Harbin Bank. They were especially impressed by the technical upgrade of banking pro- cesses – the way to the client’s heart is now through high technologies. We certainly agreed to meet again – on the other side of the Amur.

– What about the language bar- riers? Do they pose a problem for communication? If banks are mov- ing towards settlements in their national currencies, is it possible that interaction between partners will also be carried out in the nation- al languages soon?
– Many of our employees speak Russian, English and Chinese. It is high time that, and my colleagues, the heads of banks that are part of the RCFC, master the partner’s lan- guage. After all, it is never too late to study. Especially, from each other. Here, art can help. We and the representatives of Harbin Bank had a calligraphy class under the thoughtful guidance of a master: the foreign colleagues wished us good luck in the Russian language, and we to them – in Chinese. I am sure that the practice of experi- ence exchange will continue and will become a guarantee of reliable partner relations of the member banks of the RCFC. Our coopera- tion will leave no barriers for busi- nesses. Despite the differences in cultures and traditions, our peoples rely on identical basic foundations of human relationships. The tandem of two largest corporations that want to and can cooperate fruitful- ly, based not only on the numbers, but on understanding, respect – in addition to material benefits, will also produce a more important benefit. This cooperation results in firm and friendly ties. In front of us is opening a huge opportuni- ty to become closer – in reality and not only in word. The prospects of partner relations are limitless, and this is not an exaggeration. Realiz- ing what approach we are starting with, makes thrilling the anticipation of the power of their development. There are present all prerequisites for this to become a historic exam- ple of synergy for our contemporar- ies and for future generations.
The Trans-Pacific Partnership and Its Significance for Russia

The signing of the Trans-Pacific Partnership agreement was a landmark event that has a significant impact on the economies of its member states and their trading partners, changes the course of the integration processes in the Asia-Pacific region, as well as is capable of transforming the whole system of international trade regulation.

The execution of a mega-regional agreement in the Asia-Pacific region is not just the result of the targeted efforts of individual countries, but a reflection of external processes taking place both in the region and in the whole world economy. However, what does the TPP mean for Russia?

The TPP is primarily a free-trade agreement. It means that customs duties for 95-98% of commodity items will drop to zero. This number seems impressive, but the extent of duties liberalization should not be exaggerated. First, there are 42 existing free-trade agreements between the TPP member states, and together they cover about 60% of all the trade flows addressed by the TPP. Second, each country is granted an individual transition period lasting up to 30 years from the date of the agreement.

The TPP unites countries that are developing countries, and their economic standards have a significant distinction from those of the more developed economies of the TPP. The largest trade flow subject to the TPP, which is not regulated by previously established free-trade zones, is the US-Japan trade channel. As for the rest of the member states, the biggest beneficiaries of the TPP among those with a lesser share of the trade volume may be Vietnam (due to expansion of textile and footwear export), Brunei (due to greater foreign trade and economic diversification), and Malaysia (having the largest number of trading partner countries being added in the TPP area). The prolongation of US standards in investment regulation is also likely to stimulate the inflow of American investment into the TPP countries. For most of the countries, the downsides of the agreement have to do with the opening of domestic market for agricultural products, such as rice, meat and dairy products, and the issue of long-term pharmaceutical patents for countries that have been importing drugs and cannot produce their own ones.

The standard general equilibrium models show that for Russia the direct impact of the TPP agreement is minimal. The member states account for less than 10% of Russian trade turnover. Key Russian exports, hydrocarbons and defense industry products, in particular, do not depend on the preferences provided by the TPP. TPP countries’ exports to Russia are also quite unlikely to shift to other member states after the agreement enters into force. Most of the potential losses will be borne by Russian agricultural producers, who supply products to Asian markets. Nevertheless, this flow of goods is already not that big.

However, in this case the models cannot fully reflect all aspects of the TPP’s impact on the Russian economy. Russia has ambitious integration plans in the Asia-Pacific region. The implementation of these is impossible without accelerated development of the Far East and economic diversification. Based on the current conception, the plan is to develop regional production of goods with high added value for export to the Asia-Pacific region. These plans are somewhat threatened by the TPP. We, though, should not exaggerate this danger, as the main market for these potentially new Russian export is China, which is not affected by the TPP.

At the same time, the TPP gives Russia new opportunities as well. For example, the agreement provides for preferences for products with at least 45% localization, so that allows well for Russian industry’s cooperation with the TPP member states in bringing joint products to market in other member states on favorable terms. That is especially applicable to cooperation with Vietnam, which has a free-trade agreement with the Eurasian Economic Union. Moreover, we should consider the TPP’s significance in a broader context. First, it is an element of a comprehensive American foreign trade strategy, aimed at creating new rules for international trade and for economic interaction as a whole. If the project is implemented, the rules will be made without Russia’s input. Given that certain provisions of the TPP— including provisions on state-owned companies, government procurement, intellectual property rights, etc. — conflict with the Russian economic model, the gradual spread of their rules around the world could become a serious challenge for the Russian economy.

Second, the TPP could fuel other processes and initiatives that have a direct bearing on Russia. For example, China could speed up its western advance, a key element of which is the One Belt, One Road initiative. Negotiations on the Regional Comprehensive Economic Partnership (RCEP) are ongoing, and unlike with the TPP, Russia can take part in them, especially the growing support for comprehensive economic cooperation in Greater Eurasia. Finally, the TPP’s success may become an important incentive for a long-overdue reform of the WTO, which is in a protracted crisis.

Even though the TPP’s direct impact on the Russian economy is small, considering it irrelevant to Russia would be counterproductive. The TPP is an important part of a new world; and it is high time Russia thought about its place in it.
Will Russia fit into Chinese projects?

A well-known regional economist, the head of the Far Eastern Center for Economic Development and Integration of Russia into the Asia-Pacific Region, FEFU (Far Eastern Federal University) Professor, Alexander Abramov, thinks that Russia has an opportunity to successfully fit into the projects of China, a superior country, in terms of economic size.

Even now, when our long-term relations with our traditional Western partners are being put to the test, the economic outcomes remain positive: despite the crisis and sanctions, foreign trade with these countries remains significant, and in some cases it is growing, including with such a significant opponent of Russia as the United States. Thus, trade between Russia and the United States grew by 5.6% in 2014, amounting to $29.2 billion.

Another point is that the level of development of Asian countries and the countries of the Asia-Pacific Region, the extent of their integration into the global economic processes, have reached levels that simply cannot be ignored. An indicative fact is that in 2013, China’s foreign trade volume was almost equal to that of the United States ($4.16 trillion compared to $4.03 trillion, respectively), and despite the general slowdown in global trade, China continues to hold this position.

China; an “economic driver” and more...

From the idea of reintegration of former Soviet Republics into the Eurasian Economic Union (EAEU) and creation on its basis of the Eurasian Union, involving a more extensive interaction of the member states, we have arrived at the idea of relations that exist on the continent in general. The economic strength and stability of China, largely shaping the overall Asian momentum, is certainly one of the most powerful economic drivers, first of all, of Eurasian economic integration.

China is definitely an “economic driver”. However, it should be clarified that there is no “common railway track” in Asia, and even the width of railway tracks varies in different countries. The Western tradition of dividing the world into “senior and junior”, “developed and developing” countries does not work in this part of the world.

For example, at the end of 2015, expectations were that final legal arrangements for “ASEAN Common Market” would be created. Ten countries of Southeast Asia – with a total population of 655 million people (excluding China), or 9% of total world population with GDP (at purchasing power parity) of $6.48 trillion (at the beginning of 2015), or about 6% of GDP of all the countries of the world – were uniting their markets and removing trade barriers on their borders.

Something similar to the European Union (which went through this process 20 years ago) was springing up. However, without the European bureaucracy and with the rate of economic growth 5-6 times higher than in Europe, what will China be for these countries – a “driver” or a passenger that bought a ticket in time for a comfortable seat – only time will tell.

The New Silk Road is also the project for Russia...

The announcement by the President of the People’s Republic of China Xi Jinping, the concept of Silk Road Economic Belt and the principle of “one belt, one road” stemming from it are the foundations of Eurasian integration – Chinese-style, representing the involvement of a number of countries in the process of interconnected development.

It is more appropriate to speak of “Eurasian integration” as an additional option of the megaproject of the Silk Road Economic Belt, but not as its goal.

In fact, China is acting as any prudent business manager who has accumulated some savings. It is seeking to profitably invest these savings.

Today, China’s gold reserves amount to nearly $4.0 trillion, i.e. twice as much as aggregate reserves of the European Union and the United States ($1.805 trillion). That kind of money requires suitable investment projects. These projects, in turn, need a supporting investment environment – security, uniform legal procedures, and transparent financial monitoring.

In this situation, the partner countries of the Silk Road Economic Belt, which could include Russia, would also benefit from the same opportunities. However, whether they will be able to use these opportunities properly – this is not a question for China to answer, but the participating countries, and particularly Russia.

Complementary role of the Trans-Siberian Railway... 

Declared by the President of Russia as a megaproject – an extension of the “Eurasian integration” project, is the Trans-Siberian Railway. The Russian transportation system is becoming the backbone of integration, its energy resources ensure stable development of the Chinese economy and Chinese money is flowing into modernization and development projects in Russia.

Other countries also receive specific benefits, in the form of military, financial and other assistance.

We do recognize the importance of the Russian transportation system and the Trans-Siberian Railway. However, in the Silk Road Economic Belt megaproject, or in the transportation system of China, which ensures the export-import of Chinese trade, the transportation system of Russia plays merely a supporting role.

Maritime transport accounts for the major part of China’s trade, and this will remain so in the foreseeable future: out of the approximately 50 million containers, in which goods are transported around the world, 30 million pass through the south-east coast of China. The sea route is cheaper, safer and easier to operate.

In addition, there is the “problem of cargo imbalances”. As the “world’s workshop” China annually exports approximately 20 million containers with finished goods, and imports only 9 million containers with semi-finished products and a small number of products that it is yet producing internally (this data does not include the “American destination”, where there is no ground alternative to sea transport).

Risks and opportunities for Russia on the way towards integration...
Our task is to identify not only the positive aspects of such a process, but also to test it for the existence of difficulties, to identify a real set of benefits and potential losses for the Russian Federation from entry into full-fledged relations with a sovereign China, powerful and focused on its own development. The interaction between the Silk Road and EAEU is also an important issue.

The participation of Russia and EAEU in the Silk Road Economic Belt project presents both risks and opportunities.

The risks include the following concerns:
1) Russia is not in the position of a strong partner, and China will not fail to take advantage of this to promote its model of creation of a single economic space.
2) The logistic component of the project bears the risks of bypassing Russia via other transport routes. For example, taking into account China's plans to build the China – Central Asia - Western Asia Railway, there is a threat of further outflow of cargoes transiting via the Trans-Siberian Railway to China.

To prevent the development of the situation along this scenario, it should be ensured that the feasibility of implementation of these plans be recognized as insufficient by the Chinese leadership itself. On the one hand, this is based on the fact of an extremely unstable situation in Western Asia (ISIS, Taliban, and their penetration into the countries of Central Asia). The creation of a transportation infrastructure is fairly risky under such conditions.

On the other hand, Russia should undertake more effective measures to increase transit capacity, simplification of procedures for documentation and reduction of the delivery time of cargo to the West.

Participation in the Silk Road Economic Belt project is also opening new opportunities for Russia, in general, and for the Russian Far East, in particular, for example:
1) Russia is among the countries with high sovereign yield of the national economy. Thus, public investment in this country, even from the monetary point of view, can bring significant benefits. At the same time, the return on investment is ensured by the material growth of the Russian economy, and the factor of its inevitable revaluation “upwards”, the growth of price of investments, made in advance, is predefined.
2) The Silk Road Economic Belt project has not yet developed a definite shape. A new economic order may arise within its zone, which is being formulated by the BRICS countries, and it may be supported by the EAEU. In case of a general agreement, this order can also be extended to the “belt” zone, but this requires considerable efforts to identify and “link” the interests of stakeholders.

In general, any large-scale project carries some risks (and the proposal for exports by China of production capacities in 12 priority sectors of the economy is certainly a proposal within the Silk Road Economic Belt megaproject). Economic mechanisms are an effective countermeasure to economic risks.

Political institutions or “people’s diplomacy” should not be overload with economic efforts.

With regard to the agenda of the Silk Road Economic Belt megaproject, Russia, and especially the monetary authorities of this country, have a lot of work to do: they must mobilize the corresponding tools in the stock market, the insurance services market, mobilize the monitoring functions of the Ministry for Development of Russian Far East, and the regional authorities.

The principle of “the rich get richer” is reasonable here as never before – only that part of the Chinese money, which we can diligently and prudently manage, will work effectively in Russian investment projects. Anything in excess can turn into a debt burden for the country.

Russia should undertake more effective measures to increase transit capacity.
Victor Sumsky: “Cooperation in the area of education is the most important reserve for strengthening relations with ASEAN countries”

Victor Sumsky, Doctor of History, the Director of the ASEAN Center at MGIMO (Moscow State Institute of International Relations) University run by the Ministry of Foreign Affairs of Russia, talks about the upcoming Russia-ASEAN University Forum at the EEF.

The choice of location, which will host this Forum, is symbolic. The campus of the Far Eastern Federal University (FEFU) – the newest and most well-equipped campus in contemporary Russia – is seen as the clear confirmation of the country’s interest in the development of its eastern territories, and the strengthening of ties with its Asian neighbors, including ASEAN countries.

Cooperation in the area of education is the most important reserve for strengthening relations with ASEAN countries.”

Victor Sumsky, Russia will have yet another platform for dialogue with ASEAN countries: “In Vladivostok on September 1-2, the Russia-ASEAN University Forum will be held at the Eastern Economic Forum. Please tell us more about this initiative.”

– This initiative originated during the preparations of the program of activities to celebrate the 20th anniversary of the Russia-ASEAN Dialogue Partnership, which we are celebrating in 2016. Not so long ago, a similar forum was held on the occasion of the BRICS Summit in Ufa. Now we are trying to apply this positive experience to the Russia-ASEAN Partnership. There are two answers to the question of why we want to bring together the officials of the education sector, science and culture, representing our countries. One of them is related to the fact that universities are very complex organizations, and the discussion on their effective management, and best prevailing practices in this area, are of independent interest for professional managers. However, another thing is also evident: universities are the keepers of vast amounts of knowledge accumulated by mankind, generators and distributors of new ideas – they have a direct relation to literally everything that happens in the modern world, they have an enormous potential for analysis and the evaluation of the direction towards which this world is moving. It is natural to expect from the people, whose lives are linked to universities, competent forecasts in relation to various areas of human activity, unconventional recommendations on how to approach the solution to various problems. Considering these, the ASEAN-Russia University Summit provides an excellent opportunity to discuss the progress of our cooperation in politics, security, the economy and culture, as well as to turn it into a full-fledged strategic partnership. After all, this is the goal that the leaders of the Russian Federation and ASEAN countries have set following their Sochi Summit in May this year.
In Vladivostok our rectors and professors will meet with very serious and respected colleagues from Southeast Asia.

What is the current situation of Russian cooperation with ASEAN countries in the area of higher education and research? What does it look, if you compare us with other partners of the Association?

– Let us say that today the number of students from ASEAN countries studying in Russia is significantly lower than in the United States, China, Japan or Australia. However, it is quite evident that Russia is popular in its own way, as well as being competitive as a country that provides high-quality and relatively inexpensive education in the area of medicine, exact and natural sciences. We can train engineers of various profiles, our students steadily excel in international competitions in computer science and programming, Russian traditions and competence in disciplines related to aeronautics and astronautics are well-known. It is natural therefore that in Russian medical universities – not only in the capital city, but also in such cities as Volgograd and Nizhny Novgorod – one can easily meet students from Malaysia, and students from Myanmar in the Bauman MSTU and the Stankin Technical University.

As for the leaders, in terms of the total number of students studying in Russia, today these are Vietnam, Myanmar and Malaysia. Year after year, several thousands of students from these countries are trained in our universities. In my opinion, the prerequisites for achieving the similar levels of attendance by students exist in Thailand and Indonesia. The question as to what further actions can be taken to further attract students from ASEAN countries to Russia, and young Russians to in the best universities in South-East Asia (by the way, where a number of Russian students could be higher) will be discussed at the Forum. No review of Russian-ASEAN cooperation in the area of higher education would be complete without mentioning the contribution of MGIMO to this effort, and here is why. In the case of MGIMO, it is appropriate to speak not just about the training of national specialists, but about the education of national elites – political, business, and intellectual. Today, the list of the alumni of our University includes almost four hundred Vietnamese, about a hundred of Cambodians and approximately the same number of Laotians, and in many cases, these are high-level diplomats, managers, party and government leaders. Among our outstanding alumni we count Ms. Soung Ratchavi, ASEAN Deputy General Secretary in the recent past and currently the Deputy Minister of Foreign Affairs of Cambodia. Saleumxay Kommasath, also an MGIMO graduate, this year became the head of the Ministry of Foreign Affairs of Lao PDR.

These examples encourage us to reflect on the great opportunities we have to enhance mutual understanding and cooperation with ASEAN countries – as, indeed, other external partners as well – that arise due to exchange of students and teachers, together with other joint initiatives in the area of education and science. I have no doubt that this topic will be one of the key topics at this University Forum in Vladivostok.
Cross-border Tourism

The majority of tourists in the Far East are Chinese

The Far East with its wide range of natural resources is considered one of Russia’s major resource assets. However, this macroregion has a significant tourism potential, which currently is not fully disclosed. The recent legislative initiatives and currently implemented development instruments, such as the Advanced Special Economic zones and the free port regime, are expected to improve the tourism and recreation sector and make the Far East a center of attraction for compatriots and tourists from abroad.

The Absence of a Brand

Speaking of the current situation in the sector, it should be noted that the Far East doesn’t have any well promoted world-class travel brands. This issue is not being addressed operatively, thus, no sharp increase in the number of foreign tourists is expected in the majority of the Far East regions.

For instance, it is almost impossible to visit one of the most beautiful places of the Magadan Region, Jack London Lake due to the lack of roads. And for traveling to the Kuril Islands one needs to purchase a paper motor ship ticket: this travel document can be bought only at a particular ticket-office in Sakhalin, it shouldn’t be purchased online. A huge number of stunning natural sites and places of interest still remain inaccessible due to the lack of basic infrastructure and transport.

As a result, the major part of tourists in most areas are basically travelers and enthusiasts from regions adjacent to the Far East and from its territories, who are ready to face the challenges. Another essential problem is the remoteness of the Far East from the European part of Russia and the high cost of travel. The government attempts to maintain aviation accessibility of the regions by subsidizing the Far Eastern transportation. So called «flat tariffs» are being introduced. These are single tariffs with a fixed price, independent on the date of purchase. However, in summer time flying to the Far East is quite problematic – the prices go up 2–3 times because of increasing passenger traffic and the small number of carriers. Besides, «the flat tariff» is unprofitable for the company, as it was repeatedly declared by Russia’s largest airline – Aeroflot. Thus, these measures contribute to the accessibility of air transportation, but have little effect on the growth of the tourist flow. Besides, we must not forget that a flight, for example, from Moscow to the ski resort in Yuzhno-Sakhalinsk takes quite a long time – about 8 hours. Hence, a tourist will probably choose a closer place for holiday.

Visitors from the East

The major foreign tourist flow in the Far East includes tourists from the Asian region, mainly from China, who actively visit the Primorsky Krai. According to 2015 results, the Primorsky Krai is the leader in the Far Eastern Federal District by the number of foreign visitors – nearly 465,000 people. Chinese tourists make up the overwhelming share – approximately 329,000 people (70%), which is by 14.9% more than in 2014. In 2015 there were considerably fewer visitors from South Korea – 22,000 people in total. The Primorsky Krai takes the third position after Moscow and Saint Petersburg by the number of Chinese tourists in the country. The second place in the Far Eastern Federal District occupies the Amur Oblast, which was visited by 70,500 foreigners (+32%), almost all of whom – 67,000 people (+43%) arrived from China.

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The increased popularity of travel to the Primorye and Russia correlates with the simplified visa regime for tourist groups.

a visa-free regime. Next comes the Khabarovsk Krai, which was visited by 23,500 foreign tourists in 2015, 12,000 of whom were Chinese. Unfortunately, all the other regions of the Far East aren’t characterized by high rates of inbound tourism, despite, for example, the long-standing interest of many foreign tourists in Kamchatka and its popularity among fans of extreme and ecological tourism.

The increased popularity of travel to the Primorye and Russia correlates with the simplified visa regime for tourist groups, according to which groups consisting of 5 to 50 people can stay in the Russian territory for 15 days. Such a «visa-free regime» with China has been operating since 2010, and since then the tourist flow has increased by 4.3 times – from 158,000 to 677,000 in 2015. Currently the Far East occupies the second place in Russia by the number of «visa-free» visitors – the macroregion accounts for 36% of such trips (about half of them are to the Primorsky Krai), the Central Federal District is in the first place (55%), the Siberian Federal District falls significantly behind the Far Eastern Federal District with only 9%.

Ruble devaluation resulted in the reduced cost of leisure in Russia and raised its attractiveness for foreign tourists, which significantly influenced the growth of tourist flow in recent years.

Government Support

Today the Far East has also a lot of its own growth drivers of the tourism industry. In the long run, the tourism growth in the Far East will be maintained due to the projects of the Advanced Special Economic zones and Vladivostok free port, the creation of tourist casters in the framework of the state programme, the elimination of visa barriers, and also due to the development of the transport infrastructure.

Currently 2 out of the total 13 established ASEZs possess a travel and recreational profile. In March 2016 the ASEZ «Mountain Air» was established in the Sakhalin Oblast, which involves the modernization of the ski resort complex of the same name. As a result of the sport and leisure infrastructure reconstruction, the complex should be of interest not only to the residents of the Sakhalin Oblast and the rest of the Far Eastern regions, but also, according to the designed plan, become an international ski resort by 2020. Anchor investors of the ASEZ «Mountain Air» are planning to implement seven investment projects, amounting to more than 6.1 billion rubles. A «Tylyach» recreational center will be built in the Kamchatka Krai, which will comprise a hotel complex, and, in the perspective, there is also a ski resort planned. The total investments will comprise about 1.3 billion rubles. The sanatorium «Pearl of Kamchatka» was also granted a resident status in the Advanced Special Economic zone. It possesses two thermal wells. The initial investments amount to 50 million rubles. Unfortunately, the development of the Russky Island in the Primorsky Krai remains undervalued by the investors. Earlier a special economic zone (SEZ) was created on the island, where no resident has been registered since 2010 and now it is to be closed.

The Federal Government also tries to remove administrative barriers as much as possible and simplify the entry of the foreign tourists. Firstly, tourist preferences are envisaged under Vladivostok Free Port regime. At the moment a visa-free regime of 8 days at the territory from the state budget for the programme lifetime, simultaneously three Primorye projects – the «Emerald ring», «Primorye ring» and «Pidan» (750 million rubles for all the projects), the Yakut «Northern Mosaics» (279 million rubles) and Khabarovsk cruise cluster «Grand Ussurian Island – Shantar» (177 million rubles).

The Federal Government also supports the Far Eastern tourism sector in the framework of the state programme «The development of domestic and inbound tourism in the Russian Federation for 2011–2018», which assumes federal co-financing of engineering and transport infrastructure construction. The programme includes four projects: the tourist and recreational cluster «Amur» in the Amur Oblast (1,076.8 million rubles allocated from the state budget for the programme lifetime), simultaneously three Primorye projects – the «Emerald ring», «Primorye ring» and «Pidan» (750 million rubles for all the projects), the Yakut «Northern Mosaics» (279 million rubles) and Khabarovsk cruise cluster «Grand Ussurian Island – Shantar» (177 million rubles). The Federal Government also tries to remove administrative barriers as much as possible and simplify the entry of the foreign tourists. Firstly, tourist preferences are envisaged under Vladivostok Free Port regime. At the moment a visa-free regime of 8 days at the territory from the state budget for the programme lifetime, simultaneously three Primorye projects – the «Emerald ring», «Primorye ring» and «Pidan» (750 million rubles for all the projects), the Yakut «Northern Mosaics» (279 million rubles) and Khabarovsk cruise cluster «Grand Ussurian Island – Shantar» (177 million rubles).
of the Free Port is being elaborated for foreign citizens of any state. It is expected that tourists can get a visa at the border, while entering the territory. The internal visa regime should have worked since January 1, 2016, but unfortunately, its launch was delayed because of organizational constraints, inter-ministerial approvals, and also risks of uncontrolled migration flows. In any way, in the near future this idea will come to life and it will make its own contribution to the development of the Primorsky Krai tourism sector. In conjunction with the visa-free regime, we should expect an increase in the number of tourists due to the development of the integrated entertainment zone «Primorye», which includes the casino Tigre de Cristal, a yacht club and other attractions.

It is expected that the tourist flow in the Amur region will increase from 70,000 to 1 million people per year for tourists.

Secondly, in the future a tourism growth will be achieved due to the adoption of the federal law simplifying the rules for foreign cruise ship entrance into the ports of the Arctic and Far Eastern Federal District. The administrative barriers are being eliminated: there has been established «a one window» principle for obtaining authorization for organizing cruises, and tourists will no longer need to receive passes into the bordering zone. The law has come into force since June 2016, so, the first conclusions can be made this autumn, and we should certainly expect an increased number of cruise lines and growth of the tourist flow. A special focus is on Kamchatka and Sakhalin, where the authorities intend to develop the cruise tourism and, therefore, reconstruct the port complexes.

Thirdly, it should be mentioned that in the summer of 2015 the international airport of Vladivostok «Knevichi» was the first and the only airport in Russia to be granted the status of «open sky». Foreign airlines have the right to fly freely to the capital of the Primorye and can operate transit flights with a stop in Vladivostok, which should also contribute to the growth of the inbound flow.

Currently the poor infrastructure of the border crossing points, the lack of automobile roads and bridges hamper the development of the land’s inbound tourism. The promising routes are the ones over the river Amur for visiting Blagoveshchensk, Khabarovsk, etc. The construction of a bridge crossing across the river Amur in the regions of Blagoveshchensk and Heihe (China) is also intended to contribute to the tourism development. It should be built by 2019 – a concession agreement was signed between the Russian and Chinese parties. Due to the implementation of the project it is expected that the tourist flow in the Amur region will increase from 70,000 to 1 million people per year in the long run. In the Khabarovsk Krai there is a project of tourism development on the Grand Ussurian Island, situated near Khabarovsk, bordering with China.

To summarize, the federal and regional authorities are faced with a real challenge of developing the tourism sector in the Far East. Currently tourism in the Far East is limited mainly by the Primorsky Krai, it is represented predominantly by Chinese travelers, although it demonstrates a positive dynamic due to the initiatives already operating in the region. Today the main objective is not only to boost the tourist flow but also its diversification: a) through different regions of the Far East; b) through countries from where the visitors come; c) through different types of tourism. Although the implementation of new projects of Advanced Special Economic zones may satisfy the demands of tourists from the European part of Russia, the problem with long distances and expensive airline tickets will prevent the internal tourist flow from increasing significantly. There is a potential for travelling from one region of the Far East to another, but it is limited due to the small population. In general, the sector development in the macroregion will be supported by inflows of foreign tourists and trips of the Far Eastern travelers, driven by all the latest initiatives of the federal authorities.

Duty-free zone proposed for Primorsky territory

The pilot project is being planned for launch as part of the Primorye Integrated Entertainment Zone. “Many residents of Primorsky Territory who have been abroad will be familiar with the concept of a duty-free zone. This sometimes takes the form of a tax-free regime, where VAT on purchases is returned at the airport. There are various options available, and we will choose the one which suits us best”, explained Vladimir Miklushevsky, Governor of Primorsky Territory.

The choice of venue for the project launch was made in accordance with global best practice. According to the Governor, such practice shows us that a significant part of the income flow into resorts is now coming not from casinos, but from related services. With this in mind, local authorities intend to develop the hospitality, entertainment, business tourism, trade and retail sectors.

The Eastern Economic Forum to highlight investment in Kamchatka’s tourism industry

During a visit to the peninsula, the Ambassador of the Grand Duchy of Luxembourg to the Russian Federation Pierre Ferring gave a positive appraisal of the region’s tourism potential. The EEF will host an in-depth discussion of prospective investments coming from Luxembourg into Kamchatka’s tourism industry.

“Kamchatka is home to a completely unique and unparalleled natural beauty, and the peninsula is also very attractive from the point of view of tourism,” Ferring said at a meeting with Governor of Kamchatka Territory Vladimir Ilyukhin, which focused on possible areas of cooperation between the peninsula and the European nation. According to the ambassador, Kamchatka is sure to draw in visitors from Europe. Ferring also noted the importance of the region taking part in various tourism industry fairs, showcasing Kamchatka in an efficient way and welcoming tourists from Europe in search of new experiences.
For that purpose, there will be pieces of real volcanic lava placed inside, and lava flows will also be simulated. The first thing guests will see in the pavilion will be the exhibition of sixteen 3D photos of the beautiful nature of the peninsula. Each of them will be of record size–2 meters wide and 1.2 meters high. Two-dimensional portraits of the “Faces of Kamchatka”, artfully expressing the spirit and character of people living in the region, will complete the impressions of visitors. Kamchatka Governor Vladimir Ilyukhin is confident that this exhibition will arouse considerable interest among visitors and participants of the EEF. Kamchatka is one of the most amazing nature reserves, not only in Russia, but also worldwide. Even those who have never been there have heard about its volcanoes and geysers, mountain streams, and pristine nature. However, few people know that today, this is not only a land of beautiful landscapes, but also a region of new economic opportunities and almost limitless investment potential.

Vladimir Ilyukhin: “Interest in Kamchatka Peninsula is growing”

The Kamchatka Krai pavilion—at the “Streets of the Far East” Festival, held during the Second East Economic Forum—will be designed to resemble a volcano. Anyone entering it will experience the effect of being in a volcanic crater. Nature, and especially the protected one such as ours, requires a careful approach.
are the leaders in terms of investment as well. Last year alone, our fishermen invested 2.6 billion rubles into fleet renewal and fish processing. We expect that this year the dynamics will remain at the same level. Currently, the volume of investments has already been confirmed at 2.5 billion rubles, and the construction of three new, state-of-the-art factories has begun in the north of Kamchatka.

We also expect to see growth of investment activity in connection with cluster projects. There are 11 investors who intend to carry out projects for the production of the most popular frozen products and caviar, as well as advanced fish processing products, and the establishment of waste-free production in Petropavlovsk-Kamchatsky and coastal areas. They plan to invest 7 billion rubles into these projects.

Another industry that has experienced a fantastic boost is mining. What are the reasons for such positive developments?

– Kamchatka has recently taken the lead in terms of growth in the industrial production index in the Far East. It grew 25% in just the first half of the year! According to statistics, this was made mainly due to the volume of mining operations, which doubled in just six months. This occurred because the modern Ametistovy Mining and Processing Plant, located in the north of the peninsula, reached full capacity. Geotekhnologiya, another major mining enterprise, resumed its operations. In addition, the construction of another large factory, a mining and processing plant at the Ozernovskoye deposit, is scheduled to begin this year. With the launch of new projects and the development of deposits, in a few years, we will be able to increase the volume of gold mining in the region to about 10-12 tons. Now we are mining about 4.2 tons.

– Almost all major projects in Kamchatka are supposed to be implemented as part of the Advanced Special Economic zone. It was created one year ago. What has been achieved in this time?

The special economic regime of the Advanced Special Economic zone in Kamchatka combines several spheres of activity: transport and logistics, tourism and recreation, and agriculture. Today we have 25 applications from investors with a total investment volume of 22 billion rubles. Thirteen investors have already been granted resident status. Their volume of investment is closing in on 7 billion rubles. These are projects aimed at developing small aviation, fish and mineral resource industries, and agriculture. In the sphere of tourism, it is planned to create new spa resorts and modern hotel complexes.

We are now working on infrastructure development at the ASEZ sites. The federal and regional budgets will provide 8 billion rubles for this purpose. For instance, regional budget funds will be spent on the construction of transport and energy infrastructure at the Zelenovskiy...

"Free port" regime will make it possible to attract about 7 billion rubles
regions

Investment projects of Kamchatkskii krai

1. CONSTRUCTION OF THE PETROPAVLOVSK-KAMCHATSKY INTERNATIONAL AIRPORT
   Initiated by Petropavlovsk-Kamchatsky Air Enterprise. The new air terminal will be built taking into account growing tourist flow. The building is designed for passengers of local, inter-regional, and international airlines. The highest traffic capacity of the three-story terminal with an area of 22,620 square meters is 400 passengers per hour. Along with departure and arrival areas, there will be aviation security services, border and customs control, a medical center, post office, retail and consumer services. The design of the air terminal will include national elements of the Kamchatka Krai.
   - What projects are you going to showcase at the EEF?
     - Construction of a new air terminal at the Petropavlovsk-Kamchatsky Airport, creation of a mining and processing facility at the Ozerkova deposit, and two agricultural projects—construction of the all-season greenhouse complex “Zelenaya Ferma” (Green Farm) and the Kamchatka Broiler Poultry Farm. Their total cost reaches approximately 19 billion rubles. Moreover, we will also show all our promising projects in the field of tourism and transport on our interactive layout of the Kamchatka ASEZ.

2. MINING AND SMELTING PROJECT FOR THE EXTRACTION AND PROCESING OF ORE FROM THE OZERNOVSKOYE GOLD DEPOSIT IN THE KAMCHATKA KRAI
   Initiated by Sigma, JSC (Siberian Mining and Smelting Enterprise). The project cost is 12.5 billion rubles (Own funds: 9.24 billion; Borrowed funds: 3.24 billion). The project involves the construction of a pilot production enterprise for the extraction and processing of gold ore in the territory of the licensed area with an annual capacity of up to 250,000 tons per year. The project requires the construction of a mining and processing plant, facilities and infrastructure. The Ozernovskoye gold deposit is situated in the Karaginsky district, and is the largest in the Kamchatka Krai. The ore field covers an area of about 100 square kilometers. After reaching its full capacity, the mining and smelting enterprise of the Ozernovskoye deposit is expected to produce up to 10 tons of gold annually. At the moment, the project’s initiator is conducting field exploration works.

3. CONSTRUCTION OF AN ALL-SEASON GREENHOUSE COMPLEX
   Initiated by Zelenaya Ferma, LLC (Green Farm). The project cost is 1.7 billion rubles. The project aims at creating a modern, highly effective complex for the production and processing of poultry near the village of Razdolny in the Elizovsky district of Kamchatka Krai. The new poultry farm will be placed into operation in several stages. The overall production capacity of the farm will be 6,300 tons of poultry meat annually. The poultry farm is expected to provide local residents of the Kamchatka Krai with chilled chicken and chicken byproducts. Today, the population of the region consumes about 8,500 tons of poultry meat annually (and the major part of these products is imported). The project initiator has reached an agreement to be given land for the enterprise, and is now drafting design specifications and estimates. The poultry farm is expected to begin production in July-August 2018.

4. THE KAMCHATKA BROILER POULTRY FARM PROJECT
   Initiated by Development Corporation of Kamchatka, JSC. The project cost is 1.7 billion rubles. The project aims at creating a modern, highly effective complex for the production and processing of poultry near the village of Razdolny in the Elizovsky district of Kamchatka Krai. The new poultry farm will be placed into operation in several stages. The overall production capacity of the farm will be 6,300 tons of poultry meat annually. The poultry farm is expected to provide local residents of the Kamchatka Krai with chilled chicken and chicken byproducts. Today, the population of the region consumes about 8,500 tons of poultry meat annually (and the major part of these products is imported). The project initiator has reached an agreement to be given land for the enterprise, and is now drafting design specifications and estimates. The poultry farm is expected to begin production in July-August 2018.
The Kamchatka Peninsula is a region of unique nature and the Eastern outpost of Russia. Many tourists come here to take a look at volcanoes and hot springs, to taste the seafood and have a rest away from noisy megacities. The obligatory tourist program will soon be supplemented with beer tasting – local masters will brew it from the pure waters of Kamchatka, with love and expertise.

Eduard Sokolov, General Director of Kamchatskoye Pivovarennoye Zavod LLC (Kamchatka Brewery LLC), provides more details.

“How did the idea of establishing a new brewery in Kamchatka appear? It is hard to say that there is deficit of such products in our stores, rather to the contrary...”

“Unfortunately, almost all beer sold here is imported. To be precise, the share of imported beer in Kamchatka Peninsula is almost 70%, and of course, these are products with long shelf lives and contain preservation agents. Our brewery brews beer using local water and Russian malt, which gives it quite a different taste and quality. It is known that the water in Kamchatka is the purest in all of Russia, and we still can drink it from the tap. And when it comes to the malt, our main partner, Baltiyskaya Solodovennaya Kompaniya (Baltic Malting Company), is one of the best raw materials suppliers in the country. Just try our beer and you will be surprised!”

“The state helped us significantly. The Ministry for Development of Russian Far East provided a subsidy for infrastructure development, we also were supported by the authorities of the Krai and the municipal government. Huge assistance was provided by the Asia-Pacific Bank. We were granted a letter of credit for equipment worth EUR 5,355,000 at a minimal interest rate.

It is important to understand that state support was provided for a reason: first we receive it, and then we give it back. Once we are in full operation, the Krai and federal state budgets will receive taxes in the amount of nearly 1.5 billion rubles for ten years. Moreover, thanks to our brewery, more than 50 new jobs will be created in production plant, in which the youth of Kamchatka are working now, the industrial engineers who underwent special training and education. Foreign specialists are also engaged in the work, but these are rather exceptional cases – for example, we have a German "Professor" of brewing with work experience exceeding 28 years, who created his own yeast strain.

“What are the future prospects of your business?”

“Today the capacity of the brewery is 60,000 Gcal per year. During the last stage of implementation, we are planning to reach 150,000 Gcal and to achieve a planned capacity of 240,000 Gcal per year. These figures seem to be tremendous, but in fact, the current capacity of 60,000 Gcal is sufficient to cover a 25% niche in the brewery products market in Kamchatka. And as you can understand, is not too much. Our initial goal is to show our product to the people, and we count strongly on receiving feedback from buyers. Actually, the timing of the implementation of the second stage depends on it. We should also note that our brewery will be producing non-alcoholic beverages, including mineral water. For us, quality is no less important than quality.

“What brands of beer do you offer?”

“Currently there are two: Avachinskoye Light and Avachinskoye Amber, and we are planning to expand our product line in the future. The basis of both brands is the purest water of Kamchatka, high-quality malt and a little bit of hops! For reference: high-quality beer has transparent intense color and the foam in the glass of such a beer remains for at least 5 minutes, with a height of at least 5 cm.

Our brands meet all these requirements. And, what is rather important, the prices of our beer are quite affordable. In short, try it, and you will not be disappointed!”
Группа Компаний «Агротек» успешная, динамично развивающаяся компания по производству мясоколбасной продукции.

«Агротек» начал свою историю в 1995 году небольшого цеха по производству колбасных изделий, сегодня является лидером предприятий пищевой отрасли Камчатского края и Дальнего Востока. В 2012 году «Агротек» запустил работу свинокомплекса «Экоферма Сокоча» обрабатывающая 1,5 млн тонн свежего мяса в год. И уже сейчас «Агротек» частично обеспечивает Экоферму кормами собственного производства, в числе которых свинина и мясо кролика, выращенные на своих землях в Приморье. Компания приглашает профильные инвестиционные фонды и банки к участию в проекте в рамках Приморской площадки, где имеется возможность расширения посевных площадей до 12000 Га, реализовать проект по строительству элеватора (ТОР Михайловский и Черниговка) и осуществлять экспорт зерна и сои за пределы ДВ региона в страны юго-восточной Азии.

Инвестиционный проект:
Развитие свиноводства в Камчатском крае

Увеличение объемов производства
cвинины в Камчатском крае.
При успешной реализации проекта объема производства свинины в Камчатском крае увеличится втрое и составит 3,400 тонн в год. В рамках проекта планируется создать 200 голов скота в час и обеспечить современный уровень качества убоя.

Создание собственной кормовой базы.
Уже сейчас в рамках проекта «Агротек» строит свинокомплекс в Приморье, предприятие осваивает более 3000 Га земель. В рамках проекта планируется создать 200 голов скота в час, а также осуществлять кормопроизводство собственного производства.

Общая стоимость инвестиций – 1 млрд 800 млн рублей.

Привлечение проекта реализовано инновационными поддержанными экономикой региона инфраструктурными проектами.

INVESTMENT PROJECT: DEVELOPMENT OF PIG BREEDING IN KAMCHATKA KRAI
Overall amount of investments – $27.7 mln

Russian government has supported the project. It will be implemented in several Far Eastern regions.

Направлены инвестиции в инфраструктуру регионального комплекса.
The Kuril Islands: 5 tips for a visitor

A trip from Moscow to Sakhalin, which once took months, can now take a little more than eight hours, six of which you spend enjoying your sleep. Coming off the plane, people from the world of offices and information technologies would think that we finally learned how to resist the nature, but the stronger the confidence, the more disillusioned the guests will be. Often, getting to the Kuril Islands is quite a challenge. If you’re eager to get to this ‘sacred land’ you must follow some rules.

RULE NO. 1: PLAN AHEAD
To get to the Kuril Archipelago, you’ll have to overcome numerous difficulties. One of them is the unpredictable weather — fog, typhoons, and storms; another one is worn-out equipment, which breaks down when it is needed most of all, and, of course, the notorious Russian reality. Most of your plans won’t come true, but you must be ready for anything.

RULE NO. 2: DON’T LOSE YOUR HEART
Cheer up even when you are one on one with the elements or force majeure. Take it easy and cheer up, even if your ship breaks down, and the next one arrives in three days, go fishing or conquer one of the many mountain peaks. Look around, you’ll never find more optimistic people than those living in Sakhalin.

RULE NO. 3: ACT PROMPTLY
When you are away from civilization, you have to be on the alert all the time. Be careful, you may encounter a snake or even a bear. But don’t be silly, and everything will go off all right. And never forget Rule No. 2!

Reference
Tourist Information
To travel to the Kuril Islands, citizens of the Russian Federation and foreign tourists will need to apply to the Federal Security Service (FSB) for a pass to enter the near-border zone. It takes one to four days, but the document may be obtained beforehand. Please mind that the pass is only valid for the islands specified in it.
RULE NO. 4: 
ENJOY YOUR MEALS 
Once you have reached your destination, don’t deny yourself anything. Try all kinds of seafood: caviar, shrimp, crabs, sea urchins, scallops, and sea cucumber... Remember: Nutritional wisdom is the best way to good mood!

RULE NO. 5: 
COME BACK AGAIN 
Once you’ve visited the Kuril Islands, you will want to get back. Virgin nature, a feeling of harmony and a warm welcome will not leave anyone unmoved. Your impressions from the trip will remain in your heart forever, in your dreams; you’ll be wandering again and again through the thicket of Sasa Kurilen-sis amid Kuril fog.
It is better to start exploring Vladivostok from the historical part of the city, the Korabelnaya Embankment, which stretches from the dock, established by the then-future Emperor of Russia Nicholas II, along the picturesque Zolotoy Rog (Golden Horn) Bay. It is believed that it was here, on the shore of the Zolotoy Rog Bay, that the founders of Vladivostok, headed by a warrant officer Nikolai Komarov, landed in 1860. In memory of this event, in 1985 a stele was erected on the Korabelnaya Embankment, opposite to the headquarters of the Pacific Fleet, which was devoted to the pioneer constructors of the city. A little bit further, the «Military Glory of the Pacific Feet» memorial complex is located, which includes the Eternal Flame, a sculptural composition, a motor gunboat turret, a naval gun, and the S-56 submarine, which was awarded a guard title during the Second World War, and Krasniy Vympel (Red Pennant) – the first ship of the Pacific Fleet, which used to hold a Soviet flag. Upstreet the «Military Glory of the Pacific Feet» memorial is the Admiral Square.

Near the Korabelnaya Embankment, on Petra Velikogo (Peter the Great) Street the Triumphal Arc is located, which is constructed in Russian-Byzantine style. The Triumphal gates were constructed especially for the visit of Tsesarevich Nicholas, and were designed by military engineer Nikolai Konovalov, notably, both at the expense of state funds and private donations. The arch was a quadripartite structure, decorated with a variety of ornamental and symbolic elements. The original arc (it was called Nicholaevskiy or Triumphal Gates) was destroyed in the 30s of the past century, and restored in 2003 based on photos. Then-future and the last Emperor of Russia Nicholas Alexandrovich visited Vladivostok in 1891 as part of his world tour. He arrived in the seaside city, a new naval and merchant harbor of Russia on the Pacific Ocean, from Japan.

Upstreet in the Teatralny Skver (Theatrical Square) the Vladimir Vysotsky monument was opened in 2013. A poet, singer and artist visited Vladivostok in 1971. He is still remembered and loved here. The poet is depicted sitting with a guitar. There is an inscription on the granite quoting a line from the «Moscow-Odessa» song: «The closed Vladivostok port is open». Turning from the Korabelnaya Embankment to the main and the oldest street of the city – Svetlanskaya, you can admire the facades of old buildings erected at the end of the 19th – the beginning of the 20th centuries. The street was initially called American – in honor of «America» steamboat-corvette, on which Count Muravyov-Amursky chose the place for starting Vladivostok in 1859. In 1873 it was renamed as Svetlanskaya after the «Svetlana» frigate, on which Grand Duke Alexsei Alexandrovich visited Vladivostok.

Svetlanskaya Street crosses the city from the West to the East.
East in parallel to the Northern coast of the Zolotoy Rog Bay and has almost the same function as Nevsky Prospekt in Saint Petersburg. Many famous buildings of Vladivostok are located here, including the Versailles Hotel, Arsenyev Museum, Primorsky Krai Administration, Zelyonye Kirpichki Trade Center, Ussuri Cinema, GUM (department store) of Vladivostok, Headquarters of Siberian Flotilla (later – Territory Committee of the CPSU), Gorky Theater, Presidium of the Far-Eastern Department of the RAS, Circus of Vladivostok. Nevsky monuments, monuments to merchant seamen, various museums, multiple restaurants and cafes are also located here.

If you take right from Svetlanorskaya Street or Muravyov-Amursky Square, you will reach Pushkinskaya Street. Here is St. Paul Lutheran Kirche, the oldest surviving construction in the city, which is also designed in Gothic style, unusual for this latitude. Founded by immigrants, Vladivostok has served as a place of interaction for representatives of various faiths since the first decades of its existence. Famous Vladivostok architect Georg Junghandel embodied a classical view of a temple in the style of the late Gothic architecture of the Northern Europe in the St. Paul Church. The building is constructed of German bricks imported by the sea; even today on some of them it is possible to read the inscription: “Ziegelwerk Hans Mueller Saargemund” (Hans Mueller Brick Factory Sarreguemines).

If you move right from the Kirche in the direction from the center, you can reach Volodarskogo Street, where a Roman Catholic church is located. Further, on Makhalina Street, building 30, the Saint Nicholas Cathedral – the oldest surviving orthodox temple in Vladivostok is located. The temple was founded in 1907 and was hallowed already at the end of the same year.

After observing this part of the city, take the funicular (its lowest station is located right here, the uppermost one – on Sukhanova Street). The funicular appeared in Vladivostok in 1962 as a distant “relative” of the famous American cable cars – the trolley-cars moving up the steep slopes of San Francisco, driven by cables under the pavement.

What else is there to see?
Aquarium
Primorsky Aquarium, one of the biggest in the world, is located in the north-east part of the Russky Island. The exposition hall, stylized as a shell, is a work of art in architecture and design. The complex of aquariums of different sizes allows the visitors to get acquainted with the life of the creatures, inhabiting the Russian waters (the Sea of Japan, the Sea of Okhotsk, the Bering Sea, Lake Baikal, the Amur River and Lake Khanka), cold polar seas, warm tropical rivers and seas, as well as with the dwellers of the open ocean.

Gambling Zone
The only gambling zone in the Far East is located in Muravinaya Harbor, a 40-minute drive from Vladivostok. Casino Tigre de Cristal and a five-star hotel are already open for the visitors from all over the world. In the nearest future some more casinos, hotels, restaurants and shopping malls will be built. This large-scale project is under way.

The Far East Stage of Mariinsky Theater
The theater building was constructed in 2013, on the basis of a detailed acoustic project and cutting edge technologies. The theater is unique in its technical equipment: there are three underground and seven overground floors, fourteen elevators, including two freight ones.

The Grand Hall is executed in a form of a horse-shoe, and has a capacity of 1880 places. Each spectator chair is equipped with an individual air-conditioning system. Chamber music concerts and short ballet performances are staged in the Small Hall, the maximum capacity of which is 312 places.
From the window, there is a beautiful view of the bridge through the Zolotoy Rog Bay.

This bridge is one of the five biggest cable bridges in the world. Its length is 2.1 km, and transport capacity is 6 lanes of traffic. The construction was initiated in June 2008 and completed in 2012.

A little higher above the upper station of the funicular, on Orilinoe Gnezdlo slope is located the city’s main observation deck, which has long become one of the sightseeing places of Vladivostok. The opening breathtaking panorama makes it clear that Vladivostok, which carpets the Southern ends of the Muravyov-Amursky Peninsula, is surrounded by the sea from three sides – except for internal city Zolotoy Rog Bay laying far down underfoot, Ussuri Bay and Amur Bay, as well as Eastern Bosporous Bay, separating Russky Island from the mainland, are observed perfectly. To the left there is a panorama of the city, belting the bay around which it was erected, docks and workshops of ship repair facilities, small cars hurrying along the branchy streets. Straight ahead we see one of the best perspectives of the bridge through the Bay of Zolotoy Rog. A bit to the right, the warships of the Pacific Fleet are anchored at the docks.

Further to the right you can see the panorama of the historical center, seaport and railway station curving along with the coastline berths of the trade port.

Finally, at the far right, Amur Bay can be seen with knolls on its western shore, and somewhere far, but clearly visible, is China, where the sunset sun falls. Even experienced photographers and cameramen get dazzled by the abundance of the astonishing views and shooting angles.

If you prefer to go back to Svetlanskaya Street, then you can easily get to the Central Square of the city from there. The panoramic restaurant Michelle will be delighted by its exquisite cuisine and the unique view of Zolotoy Rog Bay. The menu features the best dishes of the European and Russian cuisine. Here you can taste such delicious dishes as a call’s liver, fried tiger prawns with Sicilian garnish, salad with smoked duck breast, like gray Mediterranean gilt-head bream and much more. Address: 5a Libornevich St., 8th floor.

Central Square is the real ‘solar plexus’ of Vladivostok. At this point Svetlanskaya Street and Okeansky Prospekt intersect, and the sea, the ships of the Pacific Fleet, the railway station and the seaport are seen from here. The Square is named after the Fighters for Revolution. An impressive monument to the Fighters for the Soviet Regime in the Far East was erected in the middle of the Square in 1961, which then became a symbol of Vladivostok. The bronze figures on the granite base remind of the events of the revolutionary year of 1917 and of the fight against the interventionists and White Guardists from 1918–1922.

From the Central Square go to Admiral Fokin Street, also known as the Arbat. It is relatively short (less than a kilometer), but one of the oldest streets in Vladivostok, its main embellishment being, of course, the sea.

Walking along the cafes and shops, admiring the fountains, sitting on the benches, a pedestrian will never lose sight of it. At the last intersection (with Pogranichnaya Street), Admiral Fokin Street joins with Sportivnaya Gavan (Sport Harbor), another favorite place of rest for city dwellers. There are many restaurants and cafes, from where the most marvelous sunsets can be observed.

The cuisine of Zuma restaurant is a mix of culinary traditions of Thailand, Laos, Vietnam, Korea, Malaysia, Japan, Singapore, and Indochina. Here you can try all kinds of seafood dishes: sushi, rolls, dumplings, Japanese noodles with crab, etc. Zuma is famous for its open kitchen, which transmogrify into a cozy bar in the evening. Address: 2 Fontannaya St.

The restaurant is located on the shore of Novik Bay on the Russky Island. The visitors are offered dishes of European and Russian cuisine, in particular, seafood delicacies. Not only can you try the seafood slate of fish, but also buy fresh caviar, scallops, whelks, sea cucumbers, and oysters. An open veranda is available in summer, where you can admire the sea view. Address: Russky Island, village of Melkovodny.

The project was inspired by the famous Russian rock band Mummiy Troll, which started its creative career path in Vladivostok. Mummiy Troll Music Bar has the spirit of a classic music pub. The most famous bands of the city and the country perform on its stage everyday, and a new musical group debuts in the club every week. Address: 6 Pogranichnaya St.
Vostochny Port is a high-tech ice-free specialized coal terminal equipped with conveyer belt lines, car dumpers, shiploaders and unique multistage magnetic decontamination system.

Being the largest coal terminal in Russia, Vostochny Port handled **22.8 million tonnes** of coal in 2015.

Vostochny Port is implementing the large-scale investment project for further expansion of current coal handling capacity. The project costs 27 billion roubles and nearly doubles handling volume up to **39 million tonnes in 2019**.

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