

Vladimir Putin took part in the first Eastern Economic Forum in Vladivostok. The current situation in the Russian economy and the Far East region's investment attractiveness were the main subjects of the President's address.

The first Eastern Economic Forum (EEF) started work on September 3, and presents investment opportunities and projects in the Russian Far East. The forum's main missions are to strengthen ties between the international investment community, Russian entrepreneurs, federal, regional and local authorities, provide comprehensive expert assessment of the Far East's economic potential, and present new opportunities and conditions for investing and doing business in the region.

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Speech at the First Eastern Economic Forum

President of Russia Vladimir Putin: Good afternoon friends, ladies and gentlemen.

Let me welcome you to Vladivostok. I met with many of you here three years ago during the APEC summit. Today, it is a pleasure to see you all at the Eastern Economic Forum.

This is the first time we are holding this event. The large number of Russian and international business community representatives taking part reflects the great interest that the Far East region holds. It is only natural that there should be great interest, for the region has great potential. Of course, the very fact that we are holding this forum is a symbol of the radical changes taking place today in the Far East. It is a practical expression of our policy aimed at accelerated, fast-track development in this region.

Let me stress that developing the Far East region continues Russia's historic course. Russia's movement towards the Pacific coast was the result of the great labour and courage of many generations of our forebears. Outstanding sons of our country – pioneers, industrialists, and statesmen – bound their names to the Far East's development. Times and political systems have changed, but the course of developing this region remains unchanged.

At the turn of the 20th century, statesmen such as Sergei Witte and Petr Stolypin had big plans for developing the Far East. Later, the Soviet period built further on these plans. Founding Vladivostok and Komsomolsk-on-Amur, building the Trans-Siberian and the Baikal-Amur mainline railways, and developing the Far East's natural resources were projects of truly national scope that advanced not just the Far East region but practically the entire country.

Today, we see the future of the Far East as a key socioeconomic development centre for Russia, and a region that should be effectively integrated into the developing Asia-Pacific region as a whole. Our main task is to develop the economy and infrastructure, build new production facilities and create new jobs. This is the goal we are working towards.

In just these last years alone, several dozen major projects have begun or already been completed in the Far East region. Many of them really could qualify as national and even global projects in scale and significance. They include the launch of the Eastern Siberia-Pacific Ocean oil pipeline and the opening of a federal university in Vladivostok, which has already become a major scientific and educational centre for the Asia-Pacific region. Then there is the construction of the Power of Siberia gas pipeline, the Vostochny Space Launch Centre, which is nearing completion, modernisation of the Baikal-Amur and the Trans-Siberian mainline railways, which I just mentioned, offshore development of Sakhalin, Magadan

and Kamchatka, the Eastern Petrochemicals Complex project, building a modern cluster for shipbuilding and manufacturing equipment for offshore fields, developing companies engaged in mining iron ore, gold and other minerals, and successful agricultural sector projects.

Our main priorities in the Far East are an active social development policy, building a modern transport and education infrastructure, affordable housing, and a healthcare system providing quality services. Naturally, we are also expanding economic freedom and providing better conditions for Russian and foreign investors to do business, so that the Far East can compete successfully with other leading business centres in effectiveness and returns on capital.

Friends and colleagues, we offer our potential partners genuinely exclusive opportunities and incentives in the Far East. I would like to say a few words about this now. I am sure this subject has already been discussed and will be yet, but I have come here to speak with you and let you hear everything right from the top, as it were.

The law on priority development areas came into force on March 30. We will continue to work together with investors to encourage projects carried out in the Far East. Residents of the priority development areas benefit from special conditions for organising new production, preferential tax regimes, administrative support measures, and help in developing infrastructure. Nine such areas have already been established in the Far East: in the Republic of Sakha (Yakutia), Primorye and Khabarovsk territories, Amur Region, Chukotka and Kamchatka. There are plans to organise more such areas on the Russky Island and Bolshoi Ussuriysky Island, and in other parts of the Far East.

Residents of the Vladivostok Free Port will get an even broader range of incentives. The relevant law will come into force in October, and its provisions will apply to all key ports in the south of Primorye Territory, from Zarubino to Nakhodka, and to 15 municipal areas that are home to nearly 75 percent of Primorye Territory's population.

Procedures for crossing the border will be substantially simplified. Instead of numerous inspectors on the border, there will be one single agency. The border checkpoints will work round the clock, and it will be possible to make an advance electronic declaration of goods. Foreign citizens arriving in Russia via the Vladivostok Free Port will be able to obtain an eight-day Russian visa at the border. Free port residents will benefit from preferential insurance contribution and tax regimes, and also from the free customs zone regime.

Our hope is that these measures will enable us to develop a big transport and eventually industrial hub oriented to demand not just in the Far East, but in the entire Asia-Pacific region. It should provide the stimulus for developing international trade and open up the great potential concentrated in the southern part of the Russian Far East.

Western European, Japanese, Korean and Chinese partners, particularly in China's border regions, all show big interest in making use of the Free Port and its opportunities. It offers them the shortest, most direct, and therefore most economically efficient access to international sea routes. I think that we have succeeded in finding a good, competitive formula for a free port, drawing on our own historical experience and on best international practice, and I therefore propose that the Government consider the question of extending the free port regime to other major ports in Far East.

If investors put resources into developing new fields and production facilities in the Far East, we will of

course examine the matter of helping them build the needed infrastructure. This will make it possible to bring down costs, shorten the time it takes for projects to pay themselves off, and guarantee their effectiveness. These are also very advantageous investments for the state authorities. To give you one example, for the first six projects already selected, the state authorities are investing 13.8 billion rubles in infrastructure development in the form of direct subsidies to investors. This will enable us to attract private investment totalling 126.5 billion rubles. As you can see, this gives us a ratio of one to nine. I hope that my colleagues in the Government will ensure this instrument's wide use and will expand the list of projects.

Co-financing of projects will also take place using resources from the Far East Development Fund and the Russian Direct Investment Fund. We have already taken the decision on funding for construction of the Nizhneleninskoye-Tongjiang bridge, which will link Russia and China. The Russian Direct Investment Fund, together with Russian and foreign partners, has invested more than 50 billion rubles in projects in the Far East. The Far East Development Fund will make resources available at preferential conditions, for the long term, and at lowered interest rates.

I remind you that in my Address to the Federal Assembly, I proposed a mechanism for topping up the Fund's capitalisation. I will not go into the details now, but I ask my Government colleagues to settle on the sources as soon as possible. Discussion continues on this matter. I spoke about it just yesterday with the Finance Minister, but I see that the debates will reach their conclusion soon and I hope that everything will start working very soon.

Let me stress that support measures for projects, the priority development areas, the Vladivostok free port, and help for investors in infrastructure development will produce real results only if we make a general fundamental improvement in the Far East's business climate. The regions must make active use of successful practice in working with investors, providing state services, supporting small and medium businesses, and ensuring that development projects have the necessary housing and social infrastructure.

To be continued.