



“Keyword – Consolidation”

In September there will be 100 days since inauguration of Egor Borisov, the President of the Republic of Sakha (Yakutia). The Head of Northern Region makes no secret of the fact that he plans to continue the policy of his predecessor, Vyacheslav Shtyrov, whom he has worked with for a long time as the Chairman of the Government.

At the same time, according to observers' estimations, Egor Borisov has essentially new approaches to solve old problems, demonstrating earnest aspiration to consolidate all political and public forces of the republic for the good of its development.

Continuation of the Course

– Mr. Borisov, before taking up the post of the Head of the territorial subject, you have been managing Yakutia government for 7,5 years. How much does it help you today?

– Maybe, to work as the Chairman of the Government is easier, because, generally speaking, you should realize goals and objectives which have been already set. Though, certainly, this work is also creative and challenging and requires initiative. To be responsible for republic social and economic situation, for industrial organization, of course, is not an easy business. Nevertheless, from the point of view of responsibility, president's mission is much more difficult. Because on this post you are responsible absolutely for everything that occurs in the region. You bear personal responsibility for society status on the whole and secure that stable situation which remains in the republic last years. Besides, on this post you have not only to execute, but also to assign tasks – current and long-term ones, and to control the way they are performed.

Certainly, gained experience in the capacity of the Chairman of the Government will be useful to me, especially concerning economic issues and issues relating to social policy, mutual relations with federal authorities and neighbouring regions. But the most important thing – I know firsthand the problems of people in Yakutia and peculiarities of this unique region. I know as the expert, as the Head and, the most important, as the person who was born here and who moved up all the steps of career ladder, from the worker and till the Chairman of the Government. It allows me to look at things more objectively, to evaluate correctly this or that situation.

– In your program performance in front of the republic parliament you proclaimed that you will not recede from the strategy and priorities of president Shtyrov's policy...

– Yes. The continuation of this course will be kept. Why? Because the necessity of accepted before decisions, namely the realization of large investment projects on the territory of Yakutia, is proved by the economic science and the life itself.

In 2007 the Scheme of overall development of productive forces, transport and power system of the Republic of Sakha (Yakutia) at the level of Russian Government was approved – the document, basing on which we do not simply plan something, but achieve real results. Today within the limits of this Scheme we support our core industries – diamond production, coal output, gold mining; we create new for the republic oil and gas and metal industries, actively develop industrial and social infrastructures, build the railway, highways, airports, put up-to-date objects of electric power industry into operation.

First of all, this large-scale activity, where such leading domestic companies as “Gazprom”, “Surgutneftegaz”, “Transneft” and others are involved, is directed at cre-



Prime Minister of Russian Federation Vladimir Putin meets the President of the Republic of Sakha (Yakutia) Egor Borisov in August, 2010

First of all, it is necessary to raise cultural, moral and spiritual level of the population.

ation of new workplaces, replenishment of republic incomes and improvement of population well-being. Besides, our activity is stipulated by interests of the Far East and Russian State on the whole, which pays special attention to east vector of country development and integration into Asian-Pacific Region (APR) today. And it is absolutely justified, since now when there is a global struggle for world markets, APR, which is developing at a rapid pace, is extremely profitable for Russia from the point of view of economic partnership.

Rapprochement with APR is the stimulus for the Far East regions.

- At your opinion, what is the role of the Republic of Sakha (Yakutia) in integration process of Russia into APR?

- It is necessary to understand that economic rapprochement with APR is also great stimulus for all Far East regions which suffered enormous losses during the Post-Soviet period. Our republic in this sense is a model example. Yakutia felt pernicious consequences of crisis of 90-s in full when manufactures collapsed, settlements were closed, tens of thousands of people left westward.

Due to country leaders' support the picture is changing at the present moment.

But we have even a more important task ahead - together we should make the Far East attractive to life, to raise its competitiveness. For this purpose, at the end of 2009, the "Strategy of social and economic development of the Far East and Baikal Region till 2025" was accepted; according to this Strategy the Republic of Sakha (Yakutia) takes the advanced position, also in the light of perspectives of interaction with APR. Our main trump is, of course, the richest raw-material base. Therefore the first global task set by the President of the Russian Federation is to use in full available resource potential. With that end in view we are strengthening our power and transport infrastructures today, we are realizing the project "Overall Development of Southern Yakutia"; within the bounds of which a large industrial region, on the basis of water-power engineering objects and a complex of manufactures connected with production and processing of natural gas, apatites, coal, iron and uranium ores and other minerals, is created. In parallel, new industrialization of Western Yakutia takes place, where our priorities are development of oil and gas industry within the limits of East gas program, diamonds production, wood processing. Next - North-

east Yakutia which is rich in coal, gold ore and multimetal deposits.

- Today Russian geopolitical interests are also connected with Arctic Regions, and considerable part of Yakutia territory is in the Polar Region. Do you take any steps in this regard?

- Interest to Arctic Regions is very high in the world. There is a great work done on basing of the external borders of Arctic Zone of Russia. Certainly, the advantage will be given to that state which strategically will have a more complex approach to studying of resource potential, to placing of manufactures and consolidating of its positions in Arctic Regions.

From this point of view, Yakutia has great possibilities, since one third of Russian Northern seaway is on its territory. Therefore our goal now is to continue studying of possibilities of republic Arctic Zone, to keep the development of our northern areas and to start creation of manufactures there. That is what we actively do. During my business trip to Verkhnekolymsk Region this summer I set the task - to study additional possibilities of use of Zyryansk coal strip mine in order to increase production, taking into consideration export. Zyryansk coke-coal is of exclusively high quality, it may be requested in metallurgy. By experts' estimations, its forecasted storage amounts to 4 billion t. Agree that it is unreasonable to limit deliveries of this coal only to Chukotka and Magadan Region.

In general, mineral resources, which are in the north of the republic and are already partially extracted, impress. The Arctic Zone abounds with hydrocarbons,

rare-earth minerals of niobium type. Plus – traditional gold-bearing deposits, as it was already mentioned above, big coal deposits, valuable paleontological traces.

Be sure that in the nearest future these resources will certainly be in the center of attention of large investment companies, including those who already work in Yakutia. Due to the shortest logistic corridors from the Northeast part of Russia to the Western Europe through Northern seaway, unprecedented possibilities to conquer new markets become available for us. And correspondingly, conditions for systematic development of our Arctic uluses (districts), improvement of life quality on Subpolar territories, support of the North native minorities, their traditional kinds of activity – reindeer breeding, hunting and fishing trade – will also be provided.

If Own Reserves are not Enough

– Plans, you have told about, are really of nation-wide scale. Do you feel in full measure the support of federal authorities in the questions which are beyond the scope of your powers?

– All federal ministries and departments interested in realization of some or other projects on the territory of the republic are involved. Speaking about uranium extraction, we are in constant contact with Rosatom. We continue to erect the railway and, consequently, we cooperate with the Ministry of Transport of the Russian Federation. We build up airports, and therefore we can't do without certain support of Federal Air Transport (Rosaviation). To participate in government programs, to receive financial help in due time and certain preferences for creation of new manufactures in the east of the country, we collaborate with the Ministry of Finance, the Department of Regions, the Ministry of Economic Development and Trade of the Russian Federation etc.

New production system is created in the republic and it requires participation of federal authorities. And today we are in the center of attention of the Government of Russia, we feel its support.

We have also built good-neighbour and constructive relations with regional heads. This year we celebrate the 20th anniversary of Inter-regional Association of Economic Cooperation "Far East and Transbaikalia" which helps its participants to solve general problems in a more competent and purposeful way. The more so, strategically our long-term plans are closely bound and synchronized. It gives the basis for further confident advancement.

It is clear that it is impossible to solve all the problems at once. But we constantly and at all levels declare the problems which are vital for the inhabitants of the Sakha Republic (Yakutia) and the Far East but outside the competence of regional authorities.

– A lot of attention is paid to agricultural problems. Does the state of republican agrarian sector also worry you a lot as the president?

– There is nothing strange about it. It has historically developed that the agriculture is a determinative economy branch of the republic since about one third of all population living in the countryside is engaged in it. And, basically, it is native population. The agriculture of Yakutia is unique in its own way, there aren't any analogs present – nobody and nowhere in the world is engaged in agriculture and cattle-breeding at such northern latitudes. The government of the Sakha Republic (Yakutia) pays great attention to agrarian branch, during last ten years we implement presidential program to develop the agriculture. But the problem is that agricultural production isn't marketable, in the true sense of the word, in the republic today.

– What hinders?

– When at the beginning of 90's the state agriculture fell to pieces, we partially rescued cattle and material resources from utter annihilation, because we transferred some basic assets to private properties. But now, under the conditions of market economy, the agrarian branch can't depend on personal subsidiary plots any more. Private farmsteads can't be driving force for the agricultural sector for the simple reason that their owners do not practice it professionally. These people are pension-

ers, teachers, doctors who suffer a shortage of production means; they simply hand over milk and receive government subsidy for it. They aren't engaged in raw materials processing. Don't invest in improvement of cattle housing or arable lands. Don't care about increase of labor productivity and products quality, and there is nothing to say about expansion of commodity markets.

To turn agriculture into a full-fledged branch, we have to regulate commodity production on the basis of cooperation. We have not succeeded in changing the situation by means of persuasion. Though cooperative movement in the republic is gaining momentum, we are not satisfied with its speed. Therefore at the level of republic administration there was taken a strict, but justifiable decision – starting from January 1, 2011 the state support mechanisms of the republic agriculture will change. Now subsidizing will be connected not with producers' defrayal, but with final results – that is with finished-product output.

How to Change Consciousness

– Do you expect to force personal plots to go to cooperation in that way?

– First of all, in such a way we expect to support the organized forms of business entities which are ready to create production capacities, to pay attention to such concepts as profitability, efficiency, observance of technical regulations. They are ready to enter into the market conditions and to earn and not to wait for alms from the state, being guided by stereotypes of the Soviet thinking. Alas, the great part of our people still hardly build in new economic realities, though almost twenty years have passed since we appeared in the market. And the matter does not concern only countrymen, I speak about society as a whole. People simply aren't in time for those prompt transformations which occur in our country and republic in recent years. That is why it is not enough to have only strategic plans for development. To implement these plans and to attain desired aims, it is necessary to change consciousness of the person, to teach him to think and work in a new way. And it is the most difficult thing to do.

– And how are you going to solve this global problem?

– Nearly a century ago, an outstanding Yakut enlightener Alexey Kulakovskiy said that it is easier only for an educated person with a fund of knowledge to extract all useful from the environment. Today this statement is actual as well.

First of all, it is necessary to raise cultural, moral and spiritual level of the population. Under the conditions of competitive activity we should use more actively science achievements, adopt positive experience in production, contribute to business development, and raise citizens' initiative.

One more important thing – we shouldn't be separated in any circumstanc-



Egor Borisov, The President of the Republic of Sakha (Yakutia), and Igor Sechin, Deputy Prime minister of Russia, in Khabarovsk



es. The word “consolidation” should become the key one for us. Therefore, having acceded to the post of the president, first of all, I had thorough meetings with representatives of all branches and levels of republic authorities, including the heads of territorial federal institutions, the heads of municipal unions, deputies of the State Duma, Yakutia representatives to Federation Council. The theme of these meetings was that, finally, we all work for the sake of one purpose – for the benefit of the population and in the interests of the state, and that is why we should direct our efforts to a single vein. All authorities should effectively cooperate and help each other, instead of hindering. The situation when one works and another one watches cannot be allowed.

I also had meetings with republic political and public organizations, with national and cultural associations, and I also made an appeal to them for consolidation regarding our common problems. Within the limits of the possible I try to make the idea of the necessity to improve culture and consolidate our efforts to be heard by all republic inhabitants – peasants, townspeople, agrarians, industrialists, businessmen, veterans, young people.

– Culture implies education, doesn't it?

– Certainly. First of all, education. I repeat, that today's major goals require high intellectual level from people. People need to know what is going on, to be morally stable and spiritually wealthy. Today it is not enough only to obtain a diploma, it is important to manage to apply the received knowledge correctly. But culture is also patriotism, and active citizenship, and ability to compassion, and responsibility for the family. Therefore speaking about improvement of general culture, we simultaneously mean creation of certain social conditions, elimination of modern society ailments: alcohol consumption, criminality, corruption etc. These problems aren't misfortunes of some people; they interfere in normal development of our republic,

our state. To struggle against them, it is necessary to change the mentality, people's world perception.

Both from Top to Bottom and from Bottom to Top

– Do you believe that it is so easy to change the mentality of the society? Probably, many years should pass, maybe even decades.

Not to swear, not to complain, not to lament, but to show the initiative.

– I believe positive results may be achieved much faster if state and municipal authorities are able to create necessary conditions. Another thing is that this work should be conducted in a complex way, full-scale attack – attracting the creative and scientific intellectuals, the institutes of civil society, emphasizing innovations in education, comprehensive support of business community, competent youth and personnel policy, propaganda of sports and healthy way of life.

– You are so sure about it.

– I will give you one example. Only a year and a half ago nobody plainly knew in the Republic of Sakha (Yakutia) what nanotechnologies are. Of course, our scientists were engaged in some workings out in this regard. But probable investments into these projects seemed at that time, to put it mildly, illusive. However, we started to cooperate with the state corporation “Rosnanotech”. We had one meeting, then another one, then organized a seminar. After half a year we signed an agreement according to which Yakutia in the name of JSC “Respublicanskaya Investitsionnaya Kompaniya” (English: “Republican Invest-

ment Company”) became the co-investor of nanotechnological project on production of high-bright light-emitting diodes. And this year we have started our innovative project on production of durable nanobasalt composites which can be applied almost in all branches of national economy. So less than within two years we have actually organized from point zero a new hi-tech effective manufacture which meets the requirements of our economy. Earlier, in the same way we achieved that open-heart operations, transplant operations became successfully performed, telemedicine was used, premature children with body weight more than 500 gram were nursed in our republic. Today our unique raw material possibilities assume development of pharmacology, cosmetology and other advanced directions. It proves that strong desire, integration of efforts and correct approach to business make achievement of any purposes possible.

– Small business development is the barest necessity you are constantly talking about in your speeches. What do you mean by reserves of business activation?

– Creation of large-scale industry should necessarily be accompanied by small business infrastructure which serves the enterprises and people working at these enterprises. Besides, local production is very poorly arranged in the republic. We are far from using in full measure the possibilities to output consumer goods made directly in the republic – furniture, simple household things, which are still imported

from outside of Yakutia. Understanding the weighty part of small business in counteraction to unemployment and in realization of our strategic priorities, today the republic authorities do their hardest to better businessmen's life. They derive pecuniary support, credits on favourable terms and some tax remissions. Recently, we have revived the Chamber of Commercial and Industry RS (Yakutia), aimed to distribute civilized business principles. Nevertheless, it is not enough yet.

– And what else? Again consolidation?

– In this case it is more correctly to say – the oncoming traffic, though, in fact, it is the consolidation. To understand the kernel of today's problem and, eventually, to solve it, first of all, it is necessary to clearly comprehend the conditions which have been already created by the state in order republic and society development could proceed not only from top to bottom, but also from bottom to top – the opposite course. People are to learn to think a little bit in another way. Not to swear, not to complain, not to lament, but to show the initiative. ●

Industrial and Intellectual Source of Russia

As it historically came round Yakutia has always been one of the key places of Russia. In as early as the XVII century Yakutsk became the main base point for Russian pioneers plotting their routes to the Zeya and the Amur Rivers, Chukotka and Kamchatka, the Sea of Okhotsk and Sakhalin Island.

Here Cossack troops were grouped by Semyon Dezhnyov and Vasily Poyarkov, Ivan Moskvitin and Erofey Khabarov. From here after three years of preparation the famous Second Kamchatka expedition under the command of Vitus Bering and Aleksey Chirikov set sailing to the shores of America.

Nearly four centuries went by and this northern region considered by many as extremely severe has become a powerful resource base of the country. Here on the fifth part of the territory of Russia at various times have been discovered and explored vast stock of gold and diamonds, oil and natural gas, coal and iron ore, tin and uranium, silver and zinc, lead and rare-earth metals. And at the beginning of the XXI century when the renewed Russia was to re-join the Great Powers and needed a powerful economic breakthrough the Republic of Sakha (Yakutia) was one of the first who was able to offer a large-scale as well as careful, detailed and based on factual prerequisites plan.

"The Scheme of integrated development of the productive forces, transport and energy sector of the Republic of Sakha (Yakutia) until 2020" came up as a

response to the commission set by Russian President Vladimir Putin after a session on socio-economic development of the Republic of Sakha (Yakutia) in early 2006. However, the creators of the plan, the head of the republic Vyacheslav Shtyrov and the government of Yakutia, headed by its Chairman Egor Borisov, decided not to be limited by the goals and objectives of a single region but to link social and economic development of Yakutia with deep strategic interests throughout the country. This resulted in a document which in due time became a starting point for the working out of an entirely new "Strategy of social and economic development of the Far East and the Baikal Region until 2025".

As the current head of Yakutia Egor Borisov pointed out immediately after the adoption of the Strategy in the Republic: "After as far as four years of implementation of the "Scheme of integrated development of the productive forces, transport and energy sector until 2020" it proved to fit into the Far Eastern Strategy, and now it is brought into step with the goals, objectives and most importantly the implementation mechanisms of our neighbors' long-

term plans. So now we have a clear picture where to make our further efforts."

The scope of the "Scheme" conception, the amplitude of its plans amazed and still continue to surprise not only outside observers, but also many senior officials of the Russian state. For example, at a meeting of the RF Government on February 8, 2007 the then Prime Minister Mikhail Fradkov made no disguise to his delight and declared expressly: "... Frankly speaking up to now we had no experience in reviewing such programs at the government meetings, which are regional by nature but being complex at the same time claim to be statewide.

Given the nature and potential of the republic it is easy to overstep between reality and fantasy. Frankly speaking, the foregoing takes my breath away. The numbers are great, the ambitions are great and we cannot neglect that..."

Equally strong impression got Regional Development Minister of Russia Viktor Basargin during his visit to Yakutia last July who admitted at the final meeting in Yakutsk that before this trip many endeavors of the Republic of Sakha (Yakutia) seemed virtual to him. And only after seeing what is happening on the territory of the Republic personally he got rid of the doubt.

And what occurs in Yakutia is as following.

Oil for ESPO

Giant trunk pipeline "Eastern Siberia - Pacific Ocean" has gained popularity all over Russia long before the beginning of its construction. Due to ESPO for the first time in history our country was able to enter the markets of rapidly developing Asia-Pacific region with significant and most importantly stable volumes of domestic oil production.

Numerous environmental organizations even claim credit for modification of the original route of the ESPO to the north of Lake Baikal.

However, less biased experts believe that the reasons for the resolutions adopted by Russian President Vladimir Putin on April 26, 2006 during a meeting in Tomsk are based on causes many times more reasonable and covering multitude of different factors.

So, for example, in case of sending ESPO route along the shore of Lake Baikal "Surgutneftegaz" company would have to



The pipeline ESPO means development of the region also in the power industry

supply an additional 600-kilometer loading line from Talakan to Ust-Kut, and TNK-BP would bear similar significant costs during the development of Verkhnechonskoe field.

For the Republic of Sakha (Yakutia) the redirection of the ESPO to the north of Lake Baikal was literally crucial, principally in socio-economic terms. Earlier, the lion's share of the republic income were "ALROSA" payments, but since the advent of the oil industry the almost complete dependence on the financial success of the diamond company gradually began to decline.

First stage route of the Eastern oil pipeline runs from Taishet (Irkutsk region) to Skovorodino (Amur region). The final point is special sea tanker port "Kozmino" (Primorye).

The length of the linear part of the oil line equaled 2694 km, 1458 km of which was the share of the territory of Yakutia. The pipeline string ran through Yakut cities of Lensk, Olekminsk, Aldan and Nerungri.

ESPO pipeline began its work in October 2008. Within half a year after the start of the first stage main pipeline operation the U.S. business newspaper Wall Street Journal wrote: "Due to the oil pipeline 'Eastern Siberia - Pacific Ocean' Russia has become one of the largest suppliers of oil to the United States."

According to the publication, the volume of Russian oil delivered to the ports for the states from Alaska to California, increased from zero to 100 thousand barrels per day. Such progress was achieved in just a few months since the start up of the pipeline system "Eastern Siberia-Pacific Ocean".

And in early August 2010 the "Nezavisimaya Gazeta" website published an article under the catch headline: "Russian eastern pipe unnerves competitors". According to the newspaper, the beginning and the possible expansion of Russian oil delivery from the East Siberian fields being higher in quality caused a nervous reaction from competitors. The newspaper has learned that Saudi Arabia state oil company Aramco lowers the price of oil for consumers in Europe and Asia in September. The newspaper's experts noted that the current aggressive pricing policy of Aramco in Asia aims to prevent a reduction in the share of the Asian market crude oil that Saudi Arabia has traditionally controlled.

"Russia supplies to Asian countries ESPO oil - "Nezavisimaya Gazeta" cites independent analysts - of the highest quality and has increased competitiveness also because of the strategically important for the Asian export port location in the Russian Far East."

Eastern oil pipeline became an equally important milestone for the oilmen. "Construction of ESPO oil pipeline is an invaluable experience for the company", said the vice-president of "Transneft", Anatoly Bezhverkhov, in an interview with "Truboprovodny Transport Nefti" journal.

The construction of the first stage of ESPO had no less effect on the socio-economic development of the regions where

the oil pipeline was running through. For example, the construction of two new electricity transmission lines was required to ensure two pumping stations sustainable energy supply in the Republic of Sakha (Yakutia). As the head of Yakutia, Egor Borisov, recently pointed out it has not only enabled to increase the reliability of the entire pipeline system "Eastern Siberia - Pacific Ocean" but has also created conditions for the transition from purely local unprofitable power industry to higher quality and cost-effective centralized power supply of a whole number of regions of the republic.

Chayanda Gas

The construction of trunk oil pipeline "Eastern Siberia - Pacific Ocean" is interlinked with the start of Chayandinskoye oil and gas field development by 'Gazprom' company.

September 2007 Order by the Russian Federation Industry and Energy Ministry approved the "Development Program for an integrated gas production, transportation and supply system in Eastern Siberia and the Far East, taking into account potential gas exports to China and other Asia-Pacific countries" otherwise known as the Eastern Gas Program.

The owner of the Unified Gas Supply System OJSC "Gazprom" was put into operation at Chayanda oil and gas condensate field located in the Lena area of the Republic of Sakha (Yakutia) by April 16, 2008 Decree of the Russian Government.

The field's C1 + C2 reserves make up 1.24 trillion m³ of gas and 68.4 million t of recoverable oil and gas condensate. Commercial production of oil from the field is scheduled to begin in 2014, gas - in 2016.

"The tough deadline is set for bringing on-stream the prioritized facilities in Yakutia: launching the Chayanda field gas transportation system construction in 2012, starting oil production from the Chayanda field in 2014 and in 2016 assure gas feeding into the gas transmission pipeline of "Yakutia - Khabarovsk - Vladivostok", announced Chairman of the Board of OJSC "Gazprom", Alexey Miller, following the results of the March 12, 2010 joint meeting with the government of Yakutia. In the future gas pipeline "Yakutia - Khabarovsk - Vladivostok" will be part of the "Sakhalin - Khabarovsk - Vladivostok" gas transmission system. As a result, the system will be able to transport about 47.2 billion m³ of gas.

The main resource base for the development of the transmission system will be offshore Sakhalin gas and Yakutia fields. Optimal loading of the "Yakutia - Khabarovsk - Vladivostok" GTS with at least 30 billion m³ of gas per annum will be very important for efficient development of the Yakutia Center through involvement of all regional gas resources. In this regard, "Gazprom" submitted requests to the Federal Subsoil Resources Management Agency for obtaining the right to use the subsoil resources of the Srednetyungskoye, Tas-Yuryakhskoye, Sobolokh-Nedzhelinskoye

and Verkhnevilyuchanskoye fields listed as the fields of federal significance.

Celebrations to mark the opening of a branch of OJSC "Gazprom Dobycha Noyabrsk" of Chayanda oilfield management, the main task of which is to develop Chayanda oil and gas condensate field began in Lensk on April 24, 2010.

Elga Coal

One of the most interesting projects under implementation on the territory of the Republic of Sakha (Yakutia) today is the development of unique in its characteristics Elga deposit of coking coal. This project became especially important for the country economy in general after the tragic accident at the Rapsadskaya mine which killed 67 people this May. Rapsadskaya was the country's largest coking coal mine.

The accident resulted in a shortage of coking coal in Russia with all that it implies. Many companies have had to reorient to import. So, 'Mechel' has started deliveries of medium volatile coal from the U.S. for its metal manufacture. Similar contracts are also signed by Novolipetsk metallurgical complex.

The Government got involved with the situation. On July 2, 2010 Deputy Prime Minister Igor Sechin held a major meeting in the Yakut city Neryungri on the problems of the coal industry of the country. Upon returning to Moscow,



Mr. Sechin reported to Prime Minister Vladimir Putin: "The meeting was held last weekend in Neryungri on your instruction and in the context of the decisions that you took on June 24 in Novokuznetsk. The venue was associated with the end of preparations for the commissioning of the Elga coal deposit..."

However, the Yakut Elga is not just a unique field of high quality coking coal with the balance reserves of 2.7 billion t, with a powerful, up to 17 m, flat seam, extremely convenient for the organization of open-cast mining

Elga is the first example in modern Russian history of the new coal deposits development "from scratch", which requires extremely high initial expenses. Only the railroad Ulak - Elga construction is worth \$ 1.36 billion today.

Actually, the fact that Vice-Premier Igor Sechin held the July 2 meeting on the country coal industry issues just in Neryungri can be considered as a civil proposal of

"Development of Transport System of Russia (2010-2015)".

The presence of the permanent railway line between Berkakit and Tommot made real the development of most promising reserves of natural resources such as the Elkon uranium ore region, Tarynakhscoe, Gorkitscoe, Tayozhnoe and Desovskoe iron ore deposits, Inaglinskoe coal deposit.

At a part of the project "Integrated

Development of South Yakutia", about 270 km of total length of railways will be designed and constructed in the nearest future.

Development of South Yakutia", about 270 km of total length of railways will be designed and constructed in the nearest future.

Construction of new plants, production of the highly demanded in the Asia-Pacific markets minerals, development of transport and energy infrastructure, production of new high-tech products, new technologies - all of it meets the requirements set by the country's leadership to the economy of the Far East. "Neither the public authorities nor the co-investors have any major reasons for delays in the work", - stressed the head of Yakutia.

Construction of new plants, production of the highly demanded in the Asia-Pacific markets minerals, development of transport and energy infrastructure, production of new high-tech products, new technologies - all of it meets the requirements set by the country's leadership to the economy of the Far East. "Neither the public authorities nor the co-investors have any major reasons for delays in the work", - stressed the head of Yakutia.

Yakut Elga is a unique field of high quality coking coal.

the State to the exploitation licensee, "Mechel", to pay the bills.

As a matter of fact, according to the published financial statements for the 1st quarter of the crisis 2009 OJSC "Mechel" has suffered a loss of \$ 690.7 million. But over the same period in 2010 the company has already shown a net consolidated profit of \$ 82.58 million.

The authorities' unambiguous signal was perceived adequately by the company. Already on July 14 the top management of "Mechel" announced their plans to invest up to \$ 650 - 700 million in the development of Elga deposit until the end of 2010. The company plans to produce the first 200,000 t of Elga coal at the end of this year, to build up the production to 1 million t in 2011 and reach 9 million t production capacity in 2013. In the longer term, this figure should reach 30 million t of coal per year.

"We need to bring this field into production as quickly as possible, as it can replace the missing in the Russian market coal ranks and start selling these ranks in foreign markets", the head of the "Mechel-Mining" Boris Nikishichev commented on the company plans.

The Main Project "Schemes"

Over the past few years, changes, certainly, very much altered the face of Yakutia. However, in spite of the success the region lacks basics - reliable all year round transport links.

Republic, which geographically lies at the intersection of the shortest routes between Europe, Asia and America and has great potential in international and inter-regional transit, has no capacity to provide the communicative needs of its own economy. More than 85% of the country territory is available only with the use of seasonal types of transport and only 16% of the population live in the area of the year-round transport service.

Measures to address the lack of road challenge are currently being taken. The regular passenger and freight rail traffic opened between the Berkakit and Tommot stations in 2004. Tommot - Yakutsk railway and the Lena bridge construction are included in the federal target program

Development of South Yakutia", about 270 km of total length of railways will be designed and constructed in the nearest future.

The cost of the design of all facilities is about 10.4 billion rubles, including 7.8 billion rubles, or 74,7% of project cost put up by the Russian Federation Investment Fund, and 2.6 billion rubles (25,3%) out of investors' funds. Such powerful companies of the national and international level as "RusHydro", "Atomredmetzoloto", "ALROSA", holding company "Kolmar" and "Gazprom" are among them.

Today and Tomorrow

The implementation of "The Scheme of integrated development of the productive forces, transport and energy sector of the Republic of Sakha (Yakutia) until 2020" does not cease even for a day.

After the first phase of the work ESPO capacity should go up from 30 to 50 million t a year and at the end of the second phase the pipeline will reach the designed capacity of 80 million t per year. Now the next two objects of the ESPO pipeline system in Yakutia are almost ready for commissioning: LMS "NPS -13" and the built ahead of schedule LMS "NPS-16". This summer FSI "Glavgosexpertiza" of Russia has issued a positive decision on the design and estimate documentation for the object "Extension of TS 'Eastern Siberia - Pacific Ocean' in segment 'Taishet - Skovorodino' up to 50 million t a year."

But the biggest boom of works on the territory of Yakutia is expected in 2011 when the second phase of the Integrated Development Plan in South Yakutia will be implemented.

South Yakutia, the most resource-rich part of the republic and the most prepared for the powerful integrated development, will accommodate 5 new clusters: energy, chemical, nuclear, coal and metallurgic.

On July 16, 2010, the head of Yakutia Egor Borisov held a regular session of the Coordination council on implementation of the "Integrated development of South Yakutia" investment project in Moscow. Taking the chair Egor Borisov reminded that on the July 2, 2010 in Khabarovsk at a meeting on socio-economic development of the Far East President Dmitry Medvedev has set extremely precise targets for eco-

The Final Result

On July 28 this year in interview with Gazeta.ru Internet resource the head of the republic Egor Borisov pointed out: "We often repeat: Yakutia is a rich in mineral resources republic. But the true wealth of mineral resources manifests is bringing benefits to the people and not by dead weight storage deep down in the bowels. So what's the point of being nominal owners of strategic assets if they do not help the development of the republic?.."

For example, the advent of OJSC "Gazprom" to the republic and the beginning of the development of Chayanda oil and gas condensate field was accompanied by the signing of the "General Scheme of gas supply and gasification of the Republic of Sakha (Yakutia)".

The document, according to board chairman Alexey Miller, "sets an ambitious goal: to provide up to 72% of gasification level. It should be noted that today it is around 22%, while the average for Russia is about 63%. This is an overarching problem, especially in social terms".

And there are many more examples off such cases when the beginning of implementation of yet another industrial project and the advent of major world-class Russian enterprises to the republic gave new impetus to the population of Yakutia welfare.

The head of Yakutia Egor Borisov mentioned in one of his interviews: "If in the past five years we have almost doubled the Gross Regional Product from 183 billion rubles to 350 billion, then according to the "Strategy" we will reach the mark of 1.5 trillion by 2025.

The average life expectancy should increase from the current 68 to 74 years, and commissioning of the new housing will rise up to one square meter per inhabitant".

Today, while occupying nearly one-fifth of the country and having managed to preserve the unique northernmost breeding in the world, Sakha Republic (Yakutia) is rapidly changing its appearance, becoming one of the most dynamic in development subordinate region of the Federation, a powerful resource, industrial and intellectual base for the whole Russia. ●

“Children of Asia” – Rehearsal of Olympics

From August 14 to August 26, 2010 the first summer Olympic Games for junior sportsmen from 14 to 18 years old took place in Singapore. According to Mr. Jacques Rogge, President of the International Olympic Committee, when organizing these games the IOC used as a prototype the International Games “Children of Asia”, which are held in the Republic of Sakha (Yakutia) every four years.

Sports in Yakutia

Development of the physical culture and sports, popularization of the healthy style of life are one of the top priorities for the president and for the government of the Republic of Sakha (Yakutia) in their social policy.

There are 1598 sports facilities in the republic today, including 764 gym halls, 5 sports palaces, 10 maneges, 18 stadiums. Availability of specialized staff in the area of physical training and sports is also relatively high in Yakutia. More than 60% of coaches and sports teachers have specialized higher education. This is, however, not enough.

Big attention is paid to mass sport events in the republic, the number of which increases from year to year.

In addition, every four years big sports events interchangeably take place in the republic – “Sport games of the peoples of Yakutia”, olympics in national sport disciplines “Manchaara Games”, Winter Olympics of the Republic of Sakha (Yakutia), Olympics of labor collectives, Games of the peoples of the North, International Games “Children of Asia”. Normally, in preparation for such large-scale sports events the necessary infrastructure is created in towns and villages of the republic, which means building new sport complexes and stadiums. In this way in August 2010 new sports facilities were opened in the town



Freestyle wrestling is one of the most popular sports in Yakutia



Almost 70% of children in Yakutia attend sports schools and teenage clubs.

of Olekminsk, which hosted the 5th Olympics of the peoples of the Republic of Sakha (Yakutia).

Young Yakutians also like physical training and sports. For more than 10 years young grapplers have been participating in the freestyle wrestling contest “Booturs’ Games” (“booturs” are ancient heroes of the Yakutian epos).

Every May and September Yakutians take part in the days of health-improving running and walking, the Autumn race taking place in all towns and districts in the framework of the all-Russia day of running “Cross-race of Nations”. Sports events, seminars and roundtables also take place during the “Ten days of the National Day of Health” that start in December. Another thing that has recently been gaining popularity in the republic’s capital city is mass morning exercises conducted by known local coaches and fitness-trainers.

Youth and Sports

One of the key priorities in the field of development of physical culture and sports is addressing the needs of youth, of future sportsmen, whose records and achievements will improve Russia’s position in the world’s sports arena. Almost 70% of the republic’s schoolchildren attend sports schools, sports clubs or teenage clubs.

Young sportsmen successfully compete in the competitions of the Far Eastern Federal District, in the all-Russia and international games. Ice hockey players who started their career as kids in the “Energy” ice hockey club, have many times won the all-Russia “Golden Puck” Competition, and now they defend colors of the best Russian clubs. Zoya Polunina, for example, was admitted to the Russian national ice hockey team and participated in the Winter Olympic Games in Vancouver.



Dmitry Medvedev, the President of Russia, and Alexander Zhukov, Deputy Prime Minister, the President of Russian Olympic Committee and the Head of the Forum "Russia is a Sports Power" Organization Committee, cheer for young sportsmen

More than 60 young sportsmen are members of the Russian national teams in various disciplines.

The Children of Asia Will Meet in 2012

The "Children of Asia" Games have a special place in the children's and junior sports not only of the republic, but of the whole Asian part of Russia, the CIS, and countries of the Asia-Pacific region. The Games have been recognized by the Olympic Council of Asia, and they are held under a patronage of the International Olympic Committee and the President of the Russian Federation. The objective of the Games is to unite different countries on issues related to the development of junior sports, to promote ideas of the Olympic movement, to strengthen friendship and peace on the Planet.

The first "Children of Asia" Games were held in 1996 at the initiative of the first president of the Republic of Sakha (Yakutia) Mikhail Nikolaev in honor of the 100-years anniversary of the modern Olympic Games. The games hosted more than 250 young sportsmen from 6 countries and 4 Russian regions.

Similarly to the Olympic Games, the second "Children of Asia" Games were held in 4 years. In 2000, as many as 1178 young sportsmen from 13 countries and 23 Russian regions participated in the Games.

In 2012, the 5th International Games "Children of Asia" will be inaugurated in Yakutsk.

More than 3000 people are expected to take part in the Games, including young sportsmen, their coaches, special

guests and sport managers from Russia and more than 20 other countries.

The "Children of Asia" Games have triggered intensive construction of sports facilities that meet the world's best standards.

In the framework of preparation for the 5th "Children of Asia" Games, construction of new facilities has been started, such as that of the "Center of Athletic Instruction" (a sports and entertainment complex for 3000 visitors), which will serve as the central facility for the Forum and become one of the

largest objects of sports infrastructure in the Far Eastern Federal District. Another facility to be built is a new sports complex with a swimming pool. In addition, a new passenger terminal that will make possible receiving and servicing international flights will soon be put into service in the airport of Yakutsk.

"Russia is a Sports Power"

In the end of July the President of Russia Dmitry Medvedev took part in the International Forum "Russia is a Sports Power". At a meeting with heads of the international sports organizations the President noted that the development of sports was a high priority for the state in Russia.

"We are in fact a sports power, and development of sports is a high state priority for us. We are preparing for the Universiade (World Student Games) and for the Olympic Games. And of course the quality of our preparation to a significant extent depends on the level of our cooperation with the international federations. We would like the achievements that now exist in the international sports organizations to penetrate into our country as quickly as possible, and for that we need close contacts", – said Dmitry Medvedev.

In the opinion of the head of the state, the Forum must become one of the central places for public discussion about the development of physical culture and sports not only in Russia, but in the whole world. The Forum seeks to promote health, popularize sports and physical culture among the population and engage in sports children and youth.

In 2012 the International Forum "Russia is a Sports Power" will be held in Yakutsk. ●

Dmitry Glushko, Vice-President of the Republic of Sakha (Yakutia)

A delegation of the Republic of Sakha (Yakutia) took part in the International Sports Forum "Russia is a Sports Power", which took place from July, 29 to August, 1 in Moscow.

3500 people participated in the event, including representatives of 42 countries, sport delegations from all the 83 subjects of the Russian Federation, 22 heads of international sports federations and organizations, 35 heads of executive authorities of the subjects of the Russian Federation in the area of physical culture and sports.

The Forum has become a unique professional place for experience exchange and establishing partner relationships with colleagues from all the regions of the country and with representatives of the world sports community.

On July 29 Vitaly Mutko, the Minister of sports, tourism and youth policy of Russia, met with the heads of the International sports federations in the VIP-hall of the Big Sports Arena of the "Luzhniki" Olympic Complex. At this meeting I had the honor to make a presentation of the International Games "Children of Asia", which are held in Yakutia under the patronage of IOC, and provide information on the work being done in the context of preparation for the International Sports Forum "Russia is a Sports Power" to be held in Yakutia.

Vitaly Mutko supported us and invited heads of the International sports federations to take part in the forum that will be held in Yakutsk. The Minister of sports, tourism and youth policy of Russia called the International Games "Children of Asia" a unique social sports project and expressed a positive assessment of the ongoing preparatory work for the upcoming forum.



“We are building the biggest diamond mine in the world”

Over a half-century period the JSC “ALROSA” has been engaged in open-pit exploitation of about two dozens of kimberlite pipes of various sizes geographically located not only in Western Yakutia, but also in the Arkhangelsk region and in the Republic of Angola. Yuri Doinikov, JSC “ALROSA” First Vice-President and Executive Director, tells us about the present-day situation in the diamond company.

– Mr. Doinikov, it is well-known today that the “ALROSA” Company has switched over to the underground extraction of diamonds. Is transition to the underground method of extraction of minerals a logical step? What are the reasons for that?

– This transition is absolutely natural, and it is related to the fact that the mineral reserve base of diamonds that had been created in the country earlier has to a significant extent been exhausted. In the end of the last century the Russian diamond extraction industry was quickly developing, first of all through intensive open-pit extraction of kimberlite ores. As a result, on the richest primary deposits – the “Mir”, “International”, “Aikhal”, “23rd Congress of the CPSU”, “Sytykanskaya” pipes – reserves exploitable by the open-pit method have been worked out to projected levels. Reserves available for open-pit mining have also significantly depleted on the “Udachnaya” pipe – the largest and the most efficient deposit that earlier accounted for up to 50% of the total diamond extraction in Russia.

– But there must have been other factors as well, right?

– Yes, sure. We had to take into account that a significant portion of reserves reflected on the balance sheet accounted for the less rich deposits: “Yubileinaya”, “Zarnitsa”, “Komsomolskaya” pipes. The concentration of diamonds in them is several times lower than in the pipes that have earlier been worked out by the open-pit method: “International”, “Mir” and “Aikhal”. On less rich deposits the underground exploitation is more justified economically.



Yuri Doinikov

– So the future of the Russian diamond extraction industry entirely depends on the underground mining?

– It is true that the underground mining in Yakutia has a big future – even taking into account long normative periods of construction of underground mines, their significant capital intensity and complex industrial infrastructure. The value of extracted kimberlite ores is growing, just as the demand for rough diamonds is growing in the world market.

– In other words, it is the best time to invest in the underground extraction of diamonds?

– That is exactly right. And analysis of the underground mines construction in the Russian Federation over the period of the last 15 years shows that the JSC “ALROSA” is beyond all doubt one of the leaders, as the construction of four large underground mines has either been completed or started in the territory of Yakutia, – something that required concentration and investment of significant human, financial, material and technical resources.

– Which mines are those?

– Based on the results of the generalized technical and economic studies on the development of the company’s underground technology that had been undertaken earlier, it was decided that the first underground mine to be constructed by the company would be “International” (estimated output: 500,000 t of ore per year). This mine was put into operation in 1999.

“International” has basically become for “ALROSA” kind of a “test range” for testing and development of technological parameters of underground extraction of kimberlite ores. It is on this mine that technical solutions in respect of formation of exploitation blocks, technology for their preparation, and most importantly – in respect of application of the combine method of extraction of kimberlite ores were first implemented. The experience gained in the course of implementation of design solutions on this mine has created a basis for development of a national school of underground diamond extraction and permitted a further development of the underground technology on company’s other mines.

As a consequence, another two high-priority start-up complexes have subsequently been constructed and put into operation in relatively short terms: the one on the “Aikhal” mine in 2005 (estimated output: 500 000 t per year) and that on the “Mir” mine in 2009 (estimated output: 1 000 000 t per year). These two complexes laid foundation for a new national technology of extraction of kimberlite ores using the underground mining.

– And what about the fourth mine?

– The fourth one is currently at the stage of intensive construction, and upon all works are finished it will become the largest enterprise of underground extraction of diamond ores not only in the Russian Federation, but in the whole world (estimated output: 4 000 000 t per year). We are talking here about the “Udachny” mine, which will be a successor of the existing “Udachny” open-pit mine that served as a basis for construction of the town of Udachny and the biggest in JSC “ALROSA” Udachinsky Ore Mining and Processing Enterprise.

In total, over the period from 2010 through 2018 JSC “ALROSA” is planning to put 57.8 billion rubles of capital investments in the maintenance of the mineral resource base in exploitation, in the development of new mineral resource base and in the completion of construction of the underground mines which are already in progress. These investments should make sure that the company’s projected rate of production of diamonds for the period until 2018 and beyond will be achieved.

Reference

JSC “ALROSA”

JSC “ALROSA” is the Russian largest multi-industry mining company, which is engaged, along with exploration, extraction, processing and sale of diamonds, in issues related to development of the region’s social and utility infrastructure, in resolution of complex environment protection issues in the conditions of fragile northern natural environment of the Arctic Basin zone.



The "Mir" underground mine

- Who made the design for this underground construction, which is something new for the company?

- It was decided that the general designer for all the underground development of the company's mineral resource base would be the company's institute - "Yakutniiproalmaz" (the town of Mirny). Leading Russian scientific and production, academic and design institutions were engaged in the design of the underground mines: the lead-

- unprecedented in the world practice. So comparison with RSA is not quite logical in this context.

This is first of all related to existence of worked-out open-pit mines, often filled with water and silt, in the projected mining sites; existence of a mass of permafrost, which dictates the need to support basements of industrial buildings and installations; existence of underground highly mineralized and gas-rich water-carrying

- And, of course, all the factors that you have mentioned affect costs, both those of construction and operational, don't they?

- That's absolutely true: construction and exploitation of our mines in such complex conditions has not only required long terms of construction (up to 8-10 years), but also entailed high capital and operational expenses, which lead to considerably lower economic efficiency of underground extraction of diamonds compared to their extraction in open-pit mines. To give an example, the estimated cost of construction of underground mines in the conditions of Far North varies from \$450 million dollars ("Aikhal" mine) to \$1 billion ("Udachny" mine).

- So what level of costs would make products competitive?

- Switching over to underground mining with the extension of mining works to depths that exceed 1000 m certainly requires a systemic and more detailed approach to assessment of efficiency of the underground extraction of diamonds. To make products competitive, it is necessary to pay special attention to analysis and assessment of technical and economic parameters of exploitation of deposits, to application of modern and scientifically grounded methods of forecasting, to making current managerial decisions on the basis of broad monitoring of changes in the modern diamonds market.

Increasing economic efficiency of the implemented technical solutions and measures taken is already the main objective of the company's technical policy: we seek to constantly decrease costs, increase productivity and improve labor conditions.

According to the conclusions drawn by leading Russian and foreign expert institutions and in the opinion of many reputable Russian and foreign specialists, the underground technology of extraction of kimberlite ores implemented in JSC "ALROSA" is advanced and consistent with the modern level of development of the underground mining industry. So going back to your first question, the transition of JSC "ALROSA" to the underground technology of extraction of diamonds is today quite logical and permits to securely assure not only the company's dynamic further development, but also its becoming a world leader in the extraction and trade of diamonds. ●

The construction and exploitation of underground mines is carried out in severe geological and technical conditions.

ing institutes of the Russian Academy of Sciences (RAS) - the RAS's IPKON, the IGD Institute of the RAS Siberian division, the VNIMI, the IGDS Institute of the RAS Siberian division, the IGD Institute of the RAS Urals division, and for the design - the design institutes "Dneprogiproshakht" (Ukraine), "Shakhtspetsstroy" Design Bureau (Moscow), "VIOGEM" (later - "NOVOTEK" Scientific & Technical Center, the city of Belgorod), "Norilskproekt" (Norilsk), "Gipronickel" (Saint-Petersburg), "Uralgiproruda" (Yekaterinburg).

Along with the underground diamond mines under construction, the company has substantial experience in the design, construction and operation of underground geological mines used for carrying out a complex of geological exploration works, mainly on Yakutia placer deposits.

- The underground technology of extraction of diamonds is already used on a number of deposits around the world. This method is actively used in the Republic of South Africa, however, in a climate that is quite different from that in Yakutia. Could you tell us what are the key distinguishing characteristics of development of kimberlite deposits in the conditions of the Far North?

- Back in the end of the last century, at the early stages of assessment and analysis of feasibility of the underground mining on kimberlite deposits in Yakutia, it was noted that construction and exploitation of underground mines would be carried out in the most severe geological and technical conditions, in some aspects

collectors (with the rate of inflow up to 1200 m³/hour) with thick (up to hundred meters) deposits of rock-salt underneath. This water has a high level of so-called aggression, which leads to significantly shorter terms of service of standard installations and mechanisms.

In addition, all the kimberlite deposits in Yakutia are classified as dangerous in respect of gas and oil occurrences, so in accordance with the mining legislation special measures must be taken while carrying out any works here. Existence of numerous additional factors makes the choice of technical solutions substantially more difficult while designing the underground mines.

So design, construction and exploitation of the "ALROSA" underground mines are carried out in unprecedentedly unfavorable hydro-geological, technical and gas conditions of the West Yakutia deposits, which require resolution of very complex engineering and technical tasks related to the timely opening and preparation of the deposits for underground exploitation; hydro-geo-mechanical monitoring; roadway maintenance and supports; roadway ventilation; protection of mining works against high-pressure, aggressive, highly mineralized underground waters, against oil and gas occurrences; winding of mineralized water and its disposal; finding optimal and efficient schemes and parameters of waste treatment; support of pile foundations of headframes in the conditions of permafrost soils of Yakutia.

Yakutian Diamonds in Japan

OJSC “Sakha Diamond” lapidary company is a Russia–Japan joint venture. The company produces diamond tools and jewelry diamonds. The history of “Sakha Diamond” started in 1992.



2005. Egor Borisov visits the Sakha Diamond Corp. head enterprise in Tokyo. To the right – the company’s President Konno Yasuhiro.



A front of a jewelry boutique, Ginza, Tokyo



In July 2003 the Government of the Republic of Sakha (Yakutia) concluded an Agreement on Trade and Economic Cooperation with a Japanese company Sakha Diamond Corp. in view of developing a unified system of distribution of diamonds cut in Yakutia in the Japanese market for rough and cut diamonds. Many jewelry stores in the Land of the Rising Sun now sell diamonds from Yakutia.

Heart by Order

The company’s main business is cutting gem diamonds into perfect quality brilliants and manufacturing the diamond jewelry.

Over its 18 years in business the OJSC “Sakha Diamond” has formed a stable production team that incorporates highly skilled professionals – diamond cutters, bruters, sawers, technologists. The Company’s specialists permanently perfect their professional skills, participate in training courses and special programs of professional upgrade, some of which are held in Japan. Japan is also the country from which the Yakutian specialists receive modern hi-tech equipment. Due to the high professionalism of the Yakutian diamond cutters, on the one hand, and Japa-

nese technologies, on the other hand, the company has managed to set up production of ideally proportional and symmetric brilliants of various round cuts “excellent” and fancy cuts “heart” and others.

Ginza Stores Show-cases

An advantage of the joint venture is that the processing of rough diamonds takes place in Yakutia, whereas the brilliants are sold in Japan. The head company – a partner of Sakha Diamond Corp. in Japan – has created a chain of jewelry stores there under



successful brands: “Sakha”, “Sakha Diamond”, “Virgin Diamond”, “Princess Girl”.

The largest jewelry store is located in Ginza, the Tokyo’s luxury shopping district. Also there is a shop in Nagoya that is one of the biggest Japan cities. Another sales channel that is actively developing in Japan is Internet trading of brilliants and jewelry. The reputation of Yakutian diamonds here is so high that people make purchases even without a chance to take goods in hand before they buy them.

And in 2011 is planned to open a jewelry store in the centre of Yakutsk. In the shop gold and platinum jewelry pieces of the OJSC “Sakha Diamond” and Sakha Diamond Corp. will be presented, including those made in Japan.

In the same terms in Yakutsk a new jewelry production will be opened. The Japan side took an obligation to purvey an unique modern production line for platinum items.

A House Named by Taxi Drivers

In the 4th quarter a modern complex will be put into service in Yakutsk. The complex will consist of a lapidary factory building and an administrative, commercial, cultural and residential building. Sakha Diamond Corp. invested more than 520 millions rubles in this project. The residential section will include 40 apartments. Japan cuisine, jewelry store, catering service will be situated on the first and second floor. The building not only meets all the world standards of comfort, but is also equipped with the most advanced security system. According to Mr. Yasuhiro Konno, the Company’s President, before the construction of this complex started there had been no apartment hotels of appropriate comfort and security level in Yakutsk. That is why the Japan company decided to construct this building in Yakutsk. And it is the first house in Yakutiya that was build fully on the funds of foreign investors.

At a ceremony that marked the completion of the first stage of the project the complex was officially named “The Japanese House”. According to Mr. Konno, he heard this name from Yakutian taxi drivers and decided that if the Yakutian people gave this name to the complex – let it become its official name. ●



2004, Tokyo. Vyacheslav Shtyrov and Konno Yasuhiro

Yakut Diamonds – to Turn into Masterpieces of World Heritage

According to Sberbank of Russia, “Yakutskaya Almaznaya Kompania” was recognized as one of the most dynamically developing enterprises in the field of diamond industry complex of the Republic of Sakha (Yakutia) in the first half of 2010. As CEO of the company Alexander Maximov, puts it: the success is assured not only by his company’s own potential but also by correct economic policy of JSC “ALROSA”, which could not only find a dignified way out of crisis, but also supported their partners – diamond cutting enterprises in Yakutia.



Alexander Maximov

– Over the past 10 years no new diamond cutting enterprises were actually created in Yakutia. Your company has been an exception. Do you feel very “young” in the industry?

– It came around so that the establishment of the “Yakutskaya Almaznaya Kompania” coincided with the beginning of the global financial crisis, which most noticeably reflected in Yakutia in two fields: building and construction and diamond industry complex. So, despite the “youth”, we were disciplined by adversity.

– How did you survive the crisis?

– That, from my point of view, is the merit of our strategic partner; joint stock company “ALROSA”, which, thanks to the professionalism of management and true landmarks of their internal policy, managed to overcome the crisis and at the same time provide invaluable support to all the diamond cutting companies of the republic. I am confident that the new company management represented by Fedor Andreev had a crucial part in this. Of course, the invaluable real support for us, Yakut cutters and jewelers, in the times of the crisis came from the leadership of the republic duly represented by the then President of Yakutia Vyacheslav Shtyrov and Chairman of the Government of Sakha (Yakutia) Egor Borisov, who, as we know, became head of the Republic this summer.

– Has the situation leveled off today?

– Yes, and representatives of the industry confidently move forward, making new plans which include foreign economic activity. “Yakutskaya Almaznaya Kompania” is not yet represented as a regular participant in the domestic markets of the Asia-Pacific region, though we do have

such plans and prospects. We already have experience of cooperation with foreign partners in Europe and Middle East. We participate in the Israel Diamond Exchange in Israel and we became participants of the Free Economic Zone in Belgium and the United Arab Emirates.

– Are there any factors that keep down the dynamic developing?

– First of all, it is necessary to emphasize one important point for all of the diamond and jewelry companies in the coun-

public diamond cutting industry representatives organization. This will allow us not only effectively communicate with JSC “ALROSA” and the administration of the republic, but also be consistent in shaping domestic policy for the development of diamond complex of Sakha (Yakutia). In addition, the commitment of a new social organization would strengthen the positive image of the industry.

– And, of course, the development of commercial success?

Our main goal is not only in achieving business results. We want Yakutia to become one of the most promising Russian regions – thanks to diamond industry complex.

try. This is the VAT issue. In my opinion, effective and efficient results for Russian exporters would be brought by a more rapid declarative mechanism for the value added tax returning. Such step would allow Russian cutters to achieve better economic performance.

– Is your initiative supported by other market participants?

– I am sure, such a mechanism would be of interest to all participants. Although, the consolidated attitude has not been defined yet. In these terms, I would like to mention the public initiative of “Yakutskaya Almaznaya Kompania” to create a new

– My answer to this question will be like this: nevertheless, the main objective of our common work is not only in achieving business results. We work for the better future of our republic. We want Yakutia to become one of the most promising Russian regions subjects and an active player in the entire world’s market thanks to one of the main components of its economic potential – diamond industry complex.

I guess I won’t step short if I sound out our common dream: the wish that a real Yakut diamond, as well as our national heroic epic “Olonkho”, could turn into some kind of a masterpiece of world heritage of mankind! ●

Precious Goals

In 2010, prize-winning line of the Russian Premier League was enriched by a unique trophy: a cup in the form of an actual size football ball entirely made of gold and diamonds. It took 2.7 kg of 14 carat gold 585, 33 140 of white and 10 685 of black diamonds to create the prize. The cup was created by a Russian company "Choron Diamond", one of the leading diamonds producers in Yakutia, the official sponsor of the Russian Premier League.

"Choron Diamond" is renowned in the global business arena. It is a large international company, with 65 years of presence in the diamond and jewelry markets. Today Choron is represented by offices and factories in a total of 7 countries, 1500 employees and an annual turnover of \$200 million. The Russian company "Choron Diamond" was set up in 1999.

"Choron Diamond" came to Yakutia with its own production methods: the company was able to use Indian technology to cut small rough diamonds under the Far North conditions.

In 2003 the company entered a new major area: diamond studded gold jewelry sales. "Choron" jewelry is now available in more than three hundred shops in Russia.

Stability is Staffing

Initially, "Choron Diamond" factory in Yakutsk had 80 jobs, but in 2002, after the modernization of the production, the number of employees grew to 172. The factory mainly provides work for the local community, including people with disabilities (deaf-mute) who were able to receive needed professions here.

During the times of the crisis the company did not perform any personnel retrenchment, and social programs were



fully carried out. "Choron Diamond" holds yearly medical examinations of its employees. For the past 10 years two company employees received apartments and 7 have improved their living conditions.

Gifts of India

In 2001, the General Director of "Choron Diamond" Rajesh Gandhi opened the Indian Cultural Center at Yakutsk State University at his own expense. A large delegation visited the opening ceremony headed by Extraordinary and Plenipotentiary Ambassador of India in Russia Mr. Satinder Kumar Lamba.

From the beginning of operation the company has participated in Russian and international exhibitions, representing achievements of the Yakut diamond industry there. LLC "Choron Diamond" is a member of the Association of Diamond Manufacturers of the Sakha Republic (Yakutia) and is participating in the Guild of Russian Jewelers on an ongoing basis.

Moreover, the company continuously provides sponsorship support to the Republic of Sakha (Yakutia) enterprises and organizations. Since 2001, this assistance amounted to more than 1.5 million rubles. ●

Reference

"Choron Diamond" Company is a winner of many honorary awards and diplomas, including those issued by Sberbank of Russia, the company "ALROSA" and the Government of the Republic of Sakha (Yakutia).

In 2010 "Choron Diamond" was awarded the title of the "Best taxpayer" as well as the "Best Indian company" by the Indian Business Alliance.

According to the decision of the Ministry of Industry and Trade of the Russian Federation, the company was twice named "Best Russian Exporter" in 2008 and 2009.

In 2002 the company was awarded with Diplomas of the Ministry of Industry of the Republic of Sakha (Yakutia): "For the best technology of smaller stones cutting (less than 0,025 carats)" and "For the best technical equipment and production modernization".

In 2005 the company received the winner's certificate of the republican contest "Best Goods of Yakutia" and has won the "100 best goods of Russia".



"Choron Diamond" was twice named the "Best Russian Importer"

Diamond Way to China

“EPL Diamond” Group of Companies – the Sakha (Yakutia) Republic diamond-brilliant complex leader. The Yakut company was one of the first to perform the economic activity in the international area in Asia-Pacific region. Having managed with diamond cut launch in Shanghai the company opened its branded jewelry store in Beijing. The “EPL Diamond” Research and Production Company”, Ltd, CEO Valery Fedorov gave an interview to our magazine.



– Mr. Fedorov, as we know the “EPL Diamond” Group of Companies is strongly represented in Russian cities and regions as well as abroad – in Israel and the USA. Nevertheless you “turned back” towards East, where you based a factory and opened a jewel store in PRC. What factors predetermined to make such an ambitious and risky step?

– Our company started to perform in China by establishing “EPL Diamond” representative office at The Shanghai Diamond Exchange and building “EPL-Shanghai” factory afterwards.

At this plant we organized a so-called “spark diamonds” cut which are often of marginal profit in Yakutia.

Today Russia has difficulties with jewelry and lapidary companies legislative regulation. VAT and customs regulation features in Russian Federation are the main problems here.

So this led us to open a factory in PRC. Then, after this overture has turned out successfully, we opened our branded jewel store in Beijing in 2009. The reason for choosing countries like China and India for diamonds manufacturing is the fact that

one carat lapidary costs there are three times lower than here in Yakutia.

– Do you meet any difficulties while working in the domestic PRC market?

– China people show cautious attitude due to their national mentality. The old Chinese proverb runs like this “seeing a tiger showing you his teeth does not mean he is smiling”. Generally China is one of the priority areas for international activity for our company. Our main competitive advantage is steady extra-quality production, achieved by implementing expensive high-end technologies in jewel and lapidary production

– Please reveal the main goals and international activity outlooks for “EPL Diamond” Group of Companies.

– Our crucial point is “EPL Diamond” positions consolidation in Asia-Pacific region.

The high professional staff contributes greatly to faster implementation of this goal. We joined together to let the beautiful Yakutian brilliants conquer the whole world.

The pressing issue today is the one regarding the Special Economic Zone (SEZ) of Industrial-Production type organization in Yakutsk – the capital of The Sakha (Yakutia) Republic.

The residents of this SEZ in Yakutia will be provided with the lower tax rates and custom duties. In other words the VAT problem will be automatically solved in case the SEZ appears.

This step is also considered helpful in fulfillment of the republic strategic tasks in international trade and economy in general. Moreover SEZ will provide people with new workplaces, raise their competitive potential and increase their own contribution to GDP of the country. ●



Reference

The “EPL Diamond” produces its own jewelry since 2006. The first branded store “Diamond House” appeared 3 years ago. The “EPL” network joined 15 branded stores up to 2010. In 2009 the company announced the launch of a new jewel factory in the capital of Yakutia.

15 years passed since the diamond-lapidary manufacture has been found. The “EPL Diamond” cut quality gained general recognition among the world diamond brilliant market participants.

Perfectly cut «Hearts&Arrows» standard brilliants under “Firing Ice” label are ranked as “People’s brand “Russian 100 best goods”. At the end of 2009 “EPL Diamond” became a laureate of the “Company of the year 2009” awards by “RosBusinessConsulting”.

The Olonkho Land

On August 7, 2010 the Yakutian Theatre Olonkho performed on the stage of the famous Japanese Noh Theatre celebrating 1300 years of Nara, the former capital of Japan.



The event itself was unprecedented as the stage of the Japanese Theatre with 600 years of history was closed for the visitors from outside till the very moment.

The Noh Theatre nongovernmental organization Chairman Mr. Isikhara said after the performance: "The Sakha people, you protect and care for the Beauty. This is the strength of your young Olonkho Theatre; here is its art resemblance with Noh Theatre. We invite you to join Noh Theatre international tour". This promising offer started a dialogue between two apex cultures of Japanese and Yakutian people – the Noh Theatre (2001) and the Olonkho Yakutian heroic epos (2005). UNESCO proclaimed both the masterpieces of oral and intangible human heritage.

The Yakutian Olonkho Theatre performance on the "closed from prying eyes" Japanese Noh Theatre stage led to a small cultural revolution. The normally self-restrained Japanese audience was impressed enough to applaud rising up from seats. The Yakutian actors played an absolutely unique Sakha people epos – Olonkho "Kyys Debiliye".

The Borderless

The Sakha people spiritual symbols base on Ecosophia – a wise environment aestheticization and human nature humanization. So these steady values keep the Olonkho Theatre art alive and strongly supported by the audience and theatre workers. The Japanese suggested creating the national Olonkho Theatre in 2005 after watching Sakhatheatre performances with the epic plots at EXPO-2005 in Nagoya.

They advised in time. Sakhatheatre performing Olonkho plots toured successfully in Tyva, Khakassia, Buryatia, Moscow, Mongolia and Japan. The theatre's artistic style exists for already 85 years. It gained international theatric success: a "Golden Mask" award, the State prizes of USSR and Russia. A long-expected new Sakhatheatre building opening in 2000 was celebrated with the Olonkho "Kyys Debiliye" premiere.

After being approved and supported by Japanese and other Asia-Pacific region countries who visited EXPO-2005, then Sakhatheatre Art Director Andrey Borisov

declared the Olonkho Theatre birth and started to implement the Olonkho cultural values in Yakutia and abroad.

Olonkho: Keep and Multiply

The Olonkho being declared a masterpiece of cultural human heritage revealed its significance to the small nation of Sakha people.

More than 160 full text Olonkho are stored in scientific archives. For example, the "Kyys Debiliye" is one of the best examples of legends about celestial women-heroes, who defend and create peaceful life on the Middle Land. It was recorded in June-July 1941 upon the words of Ust-Aldan tradition narrator N. Burnashev, later the Legend was published in several academic periodicals.

A state program supporting Olonkho was accepted in 2006. The 2006-2015 period is matched as an Olonkho Decade, the government adopted laws to preserve the epic heritage of Sakha (Yakutia) Republic.

The Olonkho Day is celebrated on November 25. The Arctic State Institute of Arts and Culture professors started master trainings with the Olonkho actors.

The two cultures future dialog and collaboration looks epically widespread in perspective. The Sakha (Yakutia) Presidential Decree dated April 26 started a national innovation "Olonkholand" project development. The project implementation includes an architectural and recreational complex construction at the sacred Saysary Lake using an area of about 67 hectares. Here are supposed to appear: Olonkho International center, Olonkho Theatre, Expo-center, Interactive zones for children and youth – a virtual analogue to Olonkho cosmological ideas, "Nothem Light" ("Severnoe Siyanie") movie-media industry center, innovative settlement "Olonkholand" with the most advanced technology of life support in the permafrost and extreme cold, ethnographic ritual sacred Park "Kun Kuoreeyi", Paleosiberian peoples "Alaas" yurts and much more. ●



The project of the ethno cultural complex "Olonkholand"



The Olonkho culture lives with kind and strong people solidarity, respect and worship for Nature and Life on the Middle Land. The energy of these values “wakes” the archetypes of the “golden age” of humanity with no wars and means of self-destruction. The Japanese who suffered from the horrors of nuclear war and abandoned militarism, so thoughtfully and gratefully perceive Olonkho not in vain.

“Sakha people – are Russian Japanese, who are also much opened for innovations and cherish traditions” – the statement according to L. Osipova, ScD in biology, from Institute of Cytology and Genetics SB RAS, who studied gene pool of Siberian peoples.

Indeed, the similarities in traditions, values, mentality, world view and inexplicable attraction to communication and cooperation between these two peoples are hard to miss. One more link is becoming an ancient Sakha people epos – Olonkho.

