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Putin Hails Mine, Starts Grain Intervention

By Irina Filatova

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Repair costs at the country's biggest coal mine, Raspadskaya, which stopped operations after a fatal explosion in May, stood at 5 billion rubles ($162 million), or half the initial forecast, Prime Minister Vladimir Putin said Thursday.

Speaking at a four-hour televised call-in show, Putin also announced the start of domestic grain intervention, praised Belarus for economic integration with Russia, called Ukraine to join the tripartite customs union of Russia, Belarus and Kazakhstan and discussed the pharmaceutical and aviation industries.

"We should give respect to the owners of the [Raspadskaya] mine. They invested more than 5 billion rubles in repairs. They were not saving money on solving social or production issues," Putin said.

The announcement came as the coal producer resumed operations at the Kemerovo region

mine for the first time since twin blasts ripped through it, killing 90.

Putin, who visited the region shortly after the disaster, estimated repair costs at 10 billion rubles, while the mine's representatives spoke of 8.6 billion rubles.

Despite the Raspadskaya setback, the country's coal production industry, which has undergone serious restructuring in recent years, is growing and is likely to reach the pre-crisis level soon, Putin said Thursday.

But, he said, the government still intends to resume a coal industry support program, ended last year, to help solve its social issues. Special funds will be created to compensate employees of mines that are being closed, Putin said, adding that similar funds exist in the energy industry.

The government will also start distributing grain from an intervention fund to support the agriculture industry after a two-month summer drought ravaged crops, Putin said.

"The work will start in the near future. The documents are signed," he said, referring to the two orders he had signed on Wednesday.

A total of 1.3 million tons of grain of the 9.5 million tons accumulated in the intervention fund will be distributed, including food grain for Moscow and St. Petersburg and feed grain for regions nationwide, Putin said.

Putin reiterated that the country, once the world's third-biggest wheat exporter, has enough grain to meet domestic demand. All exports are currently banned.

Next year, the government will allot 123 billion rubles ($4 billion) to support the agricultural sector, Putin said.

Speaking of Russia's cooperation with its closest neighbors Belarus and Ukraine, Putin praised Belarussian President Alexander Lukashenko — who is running for re-election Sunday — for policies that he said were aimed at economic integration with Russia.

"The Belarussian government set a distinct course for economic integration with Russia. ... This choice undoubtedly deserves support and respect," the prime minister said.

He also said Russia would lose $5.3 billion on duty-free oil supplies to Belarus next year, but added that "we do this intentionally to support the Belarussian economy."

Belarus is to receive 20 million tons of duty-free crude oil from Russia next year. Moscow has cut down on economic support to Belarus in recent years, prompting a notable cooling in relations.

Putin also spoke in favor of Ukraine joining the customs union of Russia, Belarus and Kazakhstan, saying it would be beneficial for all countries involved.

"It will be a powerful and important impulse for preserving whole industries of the Ukraine's economy and will help to increase competitiveness of many of our enterprises," he said.

He reiterated a pledge that the country would gradually cease importing foreign medicines, saying the government would instead stimulate foreign investment in the pharmaceutical industry, supporting the creation of enterprises with 100 percent foreign capital.

Speaking of the aviation industry, Putin noted that the government has initiated a program to provide funding for regional airlines and airports, mostly in the Far East and remote regions of northern Russia.

He also said the economy was successfully recovering after the recession, with gross domestic product expected to grow 3.8 percent this year and inflation standing at a historic low of 8.5 percent.

Economic recovery is also confirmed by employment growth, with 1.2 million jobs created this year, Putin said.

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