

VEB to Set Up Far East Investment Fund

By [Irina Filatova](#)

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VEB last year loaned more than 5 billion rubles in the Far East, and Putin has asked for 88 billion rubles this year. **Igor Tabakov**

Prime Minister Vladimir Putin has given state development bank Vneshekonombank until May to set up a fund that would finance investment in the remote Far East region, saying that potential projects are worth \$3 billion.

The fund, first mentioned by Putin in December, marks the government's determination to focus VEB efforts on some of the country's most depressed regions. VEB recently created a similar fund for the explosive North Caucasus.

Putin also approved a \$1.6 billion loan to a company in Tatarstan that wants to order a fertilizer plant from a Mitsubishi-led consortium. Most of the funding will come from Japanese banks, VEB chief Vladimir Dmitriyev said.

Speaking about the Far East fund, Putin said VEB was considering projects worth 88 billion rubles (\$3 billion). He didn't elaborate on the projects and it was unclear Wednesday whether

VEB would look for partners when investing through the fund.

"I am sure that all plans that have been outlined will be implemented," Putin told VEB's board, which he chairs, on Tuesday evening.

The fund would also cover the Lake Baikal area.

Putin said in December that the region had interesting investment opportunities in energy, metals, timber and fishing industries.

VEB has already extended loans in the region. Last year, it handed out 3 billion rubles to finance construction of a timber processing plant in the Khabarovsk region. It also lent 2.3 billion rubles for upgrading the Knevichi airport near Vladivostok as part of preparations to host the Asia-Pacific Economic Cooperation summit in 2012.

The fertilizer plant in Tatarstan will supply domestic farmers and export its products to the other former Soviet republics, Europe and Asia, Putin said. VEB and a state-owned investment fund of Tatarstan will have control in the Ammiak — or Ammonia — company that ordered the plant, Dmitriyev told reporters after the board meeting.

Japan's Mitsubishi Heavy Industries, Sojitz Corporation and China National Chemical Engineering Corporation signed a contract late last year to build the plant, one of the largest of its type in the world.

Dmitriyev also said VEB was "ready" to provide financing, if need be, for the joint venture between Sollers and Ford that the automakers announced last week. He added that there were no formal agreements on the issue yet.

Putin said VEB's efforts to lower the mortgage rates this year should encourage people to borrow as much as they did before the crisis for purchasing homes — or 650 billion rubles a year — as soon as by year end, according to the government web site.

VEB has put aside 200 billion rubles to invest in refinancing mortgages this year.

In an effort to lure shipping and fishing businesses away from ordering at foreign shipyards, VEB will issue guarantees to potential customers of the state-run United Shipbuilding Company that they will get their money back if contracts go wrong, Putin said. The guarantees will be worth 40 billion rubles.

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