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INDEPENDENT NEWS FROM RUSSIA

Khloponin Seeks $16Bln for Caucasus Resort

By The Moscow Times

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The Kremlin's envoy to the restive North Caucasus oversaw the signing of a $1.8 billion French deal at the St. Petersburg International Economic Forum as he tried to persuade business leaders to back a $16 billion plan to build a chain of ski resorts in the Caucasus mountains.

Under Friday's deal, France will provide 840 million euros ($1.2 billion), mostly in ski lift equipment, and the Russian government will invest 400 million euros ($572 million) in infrastructure, said Alexander Khloponin, Medvedev's envoy to the North Caucasus Federal District.

The framework agreement between French bank Caisse des Depots et Consignations and the Russian state-owned North Caucasus Resorts Company was forged during a meeting between Presidents Dmitry Medvedev and Nicolas Sarkozy of France on the sidelines of the Group of Eight summit in France last month.

Much of the infrastructure is rudimentary at ski areas around Mount Elbrus, the hub of the planned resort clusters, and elsewhere in the western part of the North Caucasus, and few foreigners visit.

Khloponin said Saturday that the Kremlin was learning from Turkey's experience in its Kurdish areas how to create industrial parks and private-public partnerships in the North Caucasus.

He said 60 billion rubles ($1.93 billion) of the $16 billion he is seeking would come from the state and the remainder from other investors.

He acknowledged that risks were high and investment into the North Caucasus was "scary" because of corruption, violence and administrative barriers, but said the government was ready to guarantee 70 percent on investment.

"We must take investors by the hand, like a woman, and help them carry out these projects," he said in an interview with Reuters.

"She has to believe she is safe with you. That is why I am sure that we will attract this money because we are ready to share investors' risks, to protect them and ensure their money doesn't go missing," he said.

Just days after the government unveiled its ski resort plans in January, a suicide bombing killed 37 people at Moscow's Domodedovo Airport and masked gunmen shot dead three Russian tourists heading for the ski slopes of Mount Elbrus.

This was a new tactic by the militants that sounded a warning to Russia before it hosts the Winter Olympics in Sochi, 190 kilometers west of Elbrus' slopes.

"I am worried of course. ... As long as there are bandits in the Caucasus, it will stall economic development," Khloponin said.

Khloponin accused Georgia, with which Russia fought a brief war in 2008, of trying to stir ethnic tensions before the Sochi Games.

Georgia has denied the charges, and Khloponin said it was now time to "turn the page" on historical differences over the region that stretch back more than a century.

Despite pouring money into the North Caucasus to try to increase stability and win the loyalty of local leaders, the Kremlin has struggled to curb corruption, clan rivalries and unemployment that is as high as 50 percent in some places.

Khloponin said jobs must be created there to help dissuade young people from joining an Islamist insurgency and prevent new violence.

"We can keep endlessly killing bandits, but we need to create an economic platform to stop the swelling of the ranks of armed groups," he said.

"If we don't create jobs, we will only get a hotbed of tensions," he said. "Then not even God can guarantee there won't be more attacks."

Khloponin said the average age of the insurgents was now 18.

"Some are as young as 14. They are Robin Hoods who have lost their way. ... I cannot resolve this problem by just deploying soldiers to the region," he said.

"If we want stability in the Caucasus we have to kill the militants but also give youths somewhere to earn their bread."

(Reuters, MT)

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