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Russian Single-Industry Towns Face Crisis

By The Moscow Times

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“There is not enough money for all of the single-industry towns that are in crisis,” Medvedev was quoted by news agency RIA Novosti as saying on a visit to Usolye-Sibirskoye, a single-industry town support by a chemicals plant in Irkutsk Oblast, near Lake Baikal.

Most of Russia's single-industry towns are at risk of economic collapse that would cause massive social dislocation and see millions of Russians lose their livelihoods, Prime Minister Dmitry Medvedev was quoted as saying Wednesday.

Some 14 million Russians live in the 319 Russian towns that, in a holdover from the Soviet era, rely on one industry, and often a single factory, for their economic survival. Many of these require subsidies to survive, and Russia's recession has worsened their plight.

Medvedev said only 79 of them were economically stable, and added that the government did not have the money to save them.

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With Russia's economy set to shrink by around 3 percent this year and the price of Russia's main export commodities on global markets at lows, the number of single-industry towns facing difficulties is rising, said Economic Development Minister Alexei Ulyukayev, who accompanied Medvedev.

Nineteen cities have entered the “red zone” this year, bringing the total number of single-industry towns in crisis up to 94 cities, RIA Novosti cited Ulyukayev as saying.

The government in 2014 created a support fund for single-industry towns, but its 30 billion rubles ($525 million) are enough only to help only 20-30 towns through 2017, Ulyukayev said, RIA reported.

The government plans to create fast-track development zones around these towns with zero tax rates on profit and other measures to stimulate business activity.

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