

**Investment message of the head of Karachay-Cherkess Republic Temrezov
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“Investment climate and investment policy of Karachay-Cherkess Republic”

The president of the Russian Federation set serious challenges for us, primarily, of social character. The solving of these challenges depends on development of regional economics, the condition of which in turn is defined by the level of pursuing investment policy.

The Karachay-Cherkess Republic possesses all constituents of rising of investment activity: advantageous geographical location, unique environment and climatic conditions, rich useful minerals and also possesses a great potential of labor supply.

The purpose of republican government and my personal one as of the Head of republic is to provide an effective utilization of this potential, to create such conditions which would guarantee the beneficial investment of capital for business exactly at our place. and it isn't only about attracting foreign investments but also about supporting businesspeople who invest money they earn at our place in economics of Karachay-Cherkess republic, but not in the projects outside the republic.

A political stability that has established in the republic, a social consensus, convenient juristic conditions, which have created for our investment activity also promote this.

I want to particularly note the importance of close collaboration and cohesion of legislative and executive branches, without which it is impossible to built up an optimal algorithm of work both with entire businessmen community, and with every single investor.

Republican laws on state stimulation of investment activities that are enacted in our republic are very effective, they regulate the process of granting of some or

other preferences to investors. However we mustn't be content with achieved because legislation in investment activity demands constant improvement.

Modern conditions dictate applying new management approach for the development of economics, supporting of business, improvement of investment climate on the base of systematic, strategic approach to solving problems of investment development.

Entrenchment of provision of Standard of public authorities' activity on providing hospitable investment climate, which establishes basic requirements for creating investment policy promotes achievement of this goal.

Today according to appraisal score of expert board we have accomplished fourteen of fifteen obligative positions of Standard.

I think it is unjustified to procrastinate process of forming investment strategy of the republic, which is intended to determine long-term investment priorities of region and to procrastinate a document that is necessary for providing coordinated and complex work on provision translatory development of territory on long-term perspective.

The government in collaboration with legislative power with an allowance for citizens' opinion in shortest terms have to complete an elaboration of this document.

We mustn't forget that introduction of standard is not an aim but a way of solving a task of heightened investment attraction of the republic.

It is necessary to pass on practical appliance of provision of Standard more actively.

Particularly we have already elaborated entire normative legal base for introduction of procedure of assessment of regulatory impact of normative legal acts' projects, which touch matters of businessmen and investment activity on feasibility, adequacy and effectiveness.

The government of the republic has to provide a changeover to practical appliance of assessment of regulatory impact of such normative legal acts.

It is necessary to provide an involvement of businessmen in process of making managerial decisions, including an elaboration of normative legal acts. I'm sure that significant reserve that can reduce possible risks for businessmen and can create conditions hospitable for investors is hidden here.

Moreover today we can say that collaborative work of government and businessmen community is reflected in achieved indicators of growth of volume of investments in economics and social sphere.

If in 2012 we reached a breakout in investor's activeness, with the help of providing growth of investment volume on quarter, then last year with allowance for evolving macroeconomic situation we faced with challenge- to maintain the level we had reached. As a result of collaborative work we have got 1 milliard rubles of additional investments.

Now a range of big investment projects is successfully being accomplished in our republic, and three of them are being realized using governmental support. First of all it is the first project on construction of all-season mountain resort Arkhyz that was created as part of North-Caucasus tourism cluster, which has defined the new step of development of our entire tourism industry.

The project is being accomplished as a part of a special economic area that was created in the republic's territory. In accordance with the state and regional legislation, residents of this economic area are granted a range of tax benefits. We have fully completed the construction of engineering infrastructure-we have conducted electricity, gas, running water, and have constructed roads. We have constructed objects that provide safety for resort functioning; more than 4 milliard of rubles were expended on this objects. Also private investors invested about 2 milliards of rubles in construction of hotel and ski infrastructure. Today when the

project has just started, two modern ropeway with four ski track, two hotels, two service-centers, children's activity area and administrative building are functioning.

In the nearest future we need to attract at a minimum 2 rubles of private capital on 1 ruble of public investments. In this case we figure on effective collaboration with «North-Caucasus resorts».

Our nearest plan is to construct a road from Cherkessk to Adler and the straight distance between them 273 km. This distance is little but importance of this road goes outside of the Karachay-Cherkes republic. The construction of this road will allow to simplify availability of resorts and at the same time it will unite several touristic areas in one rest area. These touristic areas are - resorts of Caucasian Mineral waters, resorts of Karachay-Cherkes republic and resorts of Krasnodar region. I can say that this project finds its support on the level of the highest leaders of the country, however it is too early to speak about making decision on this project.

Along with the development of touristic industry, it is strategically important for the republic to support investment projects in economic industries that have high profit. Thanks to well-directed policy we have already managed to turn our republic from the primarily agrarian republic into primarily industrial republic. It has been done mainly at manufacturing industry's expense.

We understand that the level of annual growth of gross regional product which the president of the Russian Federation had set is rather high. It is possible to accomplish if there is investment activeness in the sphere of high-tech industries if economics.

With this goal we have supported big successfully working project " the construction of wool processing and yarn production using innovation technologies". In 2012 this project got government guarantee of Russian Federation .

The distinctive feature of this project is applying of technics of innovation technologies. First of all it is using of underground thermal waters and deep cleaning of industrial wastewater. The reduction of consumption of energy reserves will allow to provide an effective work of industrial process on production of competitive products. Today there is no any analog of this project in Russia. The production of transport facilities develops rather dynamically on the basis of the first private company in Russia "DerWeys".

For the purpose of future development and local manufacturing content we are planning to create a special economic area of industrial type. It will be created as a part of trans-regional cluster "Argun-Cherkessk-Stavropol" that is oriented on automobile manufacturing and manufacturing.

I charge the government of the republic to work out the possibility of providing assistance to automobile industry workers with the help of creating a special economic area.

One more big ratepayer of our republic closed joint-stock company "KavkazCement" extends its power. On its basis "EuroCement group" implements an investment project on construction of the largest cement factory in the country that produces cement with "dry" way.

With the help of granted regional privilege on profit tax the enterprise hasn't only increased its budget contribution but also has considered that it is possible to built a big social object. It will be a multifunctional sport complex and it is expected to be put into service in the end of current year. Applying of high-technologies and increasing of effectiveness of production are priority goals of agricultural industry. Along with it we must use our advantageous possibilities on production of ecologically friendly food. We must do it with the purpose of development of intensive horticultural activities, vegeculture of opened and closed ground, beef farming and dairy breeding. We have all the climate and environmental conditions for it.

Giving attention to development of agroindustrial complex, it is necessary to improve villages for the purpose of creating comfortable conditions for life and for making business. Accomplishment of any investment project is indissolubly tied with staff assistance and with attracting of young specialists. It is impossible to adapt a staff assistance without providing them all the life conditions they need. First of all it is creating of objects of social and engineering infrastructure.

Over 3 previous years we have managed to change the way of solving this problem: the growth of temp of putting into service has increased 2 times; the growth of temp of water supply networks has increased almost 4 times.

We have done a serious work and thousands of citizens of our republic felt the results of it. I want to particularly note that last year in the territory of 3 villages Pregradniy, Mednogorsk, Dausuz the first gas start was accomplished. In the nearest future it is expected intensive work on future gasification of our republic.

Along with this, it is necessary to prevent the dissipation of resources on objects of unfinished construction. With the purpose of providing effective usage of financial resources, primarily we will provide gas in high gasified villages.

In nearest future we are planning to complete the gas supply of Kardonikskaya, Storojevaya, Kamennomost, Kumish, Humara, Sari-Tuz, Kosta-Hetagurova, Teberda and Dombay.

As I have already said in my last year message, up to 2016 we must solve the problem of water supply settlements. Also we have to continue the practice of usage of projects which construction of underflow gravity water supply system. This water supply system is built with using of underground waters as they are rather economical and it is very relevant in insufficient means conditions.

I ask the Chairman of the Government to control the work on construction of objects of engineering infrastructure in villages personally. It is also necessary not to lose momentum that we achieved in 2011 in the road

construction. It is very important thing that will help us to attract investors of engineering infrastructure in our republic.

One more area of focus of work on provision the republic of available basic infrastructure - creating of industrial and technoparks and also creating centers of cluster development. All these infrastructural projects are capable to become a center that will provide a rapid development of industry and high-technology production.

Up to 2014 the government of the republic need to complete the elaboration of normative legal acts of this sphere, with them we will be able to start the work on creating nets of industrial and techno-parks in Karachay-Cherkess republic.

Moreover the regions will be provided with refund of means that they invest, it will be done at the expense of additional federal tax. This issue were mentioned in the message to federal assembly of the President of Russian Federation.

In total, the register of important investment sites of our republic territory extends back more than 20 projects.

Along with it, creating of new manufactures on the basis of modern technologies and methods of labour management requires preparation of high-qualified personnel.

I think that education institutions of the republic both higher education and vocational secondary education must quickly remodel the lesson plan in accordance with economic requirements.

We need to renew a practice of mentoring of collectives and concluding of tripartite educational contracts: student- educational institution-enterprise. Concluding of such contracts is possible on last years of study, when the graduate has already realized everything about the profession he had chosen.

This will promote not only to increasing of competitiveness, but also it will give new impulse for development of republic educational system.

I ask to consider the elaboration of relevant program to be a direct instruction to Ministry of Education and Science of the republic.

In the message to the Federal Assembly the president Putin noted that "it is necessary to give investors a clear signal that will help them to find right areas territories where the work will be more beneficial and suitable.

Preferences established by the regional government will not help to achieve the desirable result if at the municipal level investors face a sluggishness of officials in the issues on assignment of lands, construction permit, connection to the engineering infrastructure.

As a result, to get the construction permit, the investor has to run from pillar to post about for a year.

The government of the republic have to conduct a detailed analysis of this situation and present me set of measures on radical reduction periods of harmonization of documents.

Our task is to do our best to simplify the administrative procedure on each stage of construction, from preparing the urban planning documentation up to formalizing right of property.

With this purpose I think it is necessary to elaborate municipal investment programs that will be coordinated with investment programs of natural monopolies of relevant territories.

We have to think over of motivation system of municipal authorities to attracting investors in our region and increasing of investors' interests in collaboration with business.

In this regard I charge to the government of the republic to elaborate the indicator system of effectiveness of municipal authorities and business' collaboration. This factor is taken into account in the process of activity assessment with the purpose of stimulation the most effective practices in this direction. We need to increase the information openness of our republic for of creating a good investment image.

We have to describe all the possibilities and potential of our republic as detailed as it possibly. To achieve this goal we have lots of instruments as presentation of the region both in the country and abroad, exhibition-fair activity, web conference, placing of information about investment portal of the Karachay-Cherkes republic in print media and web magazines, media tours for journalists.

I address all investors who are planning to work in our republic: each of you I guarantee my personal presence in the process of realization of every single project. I am opened for solving all the problems and questions. The only condition is honest and conscientious work for our republic's good.

In conclusion of the investment message I would like to note that in the investment activity there are no little things. Only diligent daily work can help us to achieve a good result. Every single detail is important for us. That is why the mentioned above tasks have to serve as a basis of investment policy for 2014 and for nearest future.