

REPORT**of the President of «YACONTO» Ltd. Mr. S.P. Yakunin at the meeting in the Administration of the Krasnodar Territory regarding the discussion of questions and proposals connected with realization of the non-governmental investment Complex Program «YACONTO» on construction of the «Commercial Black Sea Port YACONTO» with infrastructure in Tuapse Region of Krasnodar Territory in accordance with the List of «YACONTO» projects dated 05.01.2004**

The Tuapse commercial sea port (TCSP) designed at the end of XIX century did not stipulate for the opportunities of growth of cargo transportation capacities up to those required at the beginning of the XXI century. That is why the TCSP cannot ensure the growing requirements of Russia in cargo transportation through sea ports and does not meet the sanitary and ecological norms thereof. The above mentioned imminent problems can be effectively solved at the expense of realization of The Complex Program «YACONTO» on construction in Tuapse region of the modern «Commercial Black Sea Port YACONTO» with infrastructure in accordance with List of projects dated 05.01.2004 supplemented by proposals received up to the present day.

To ensure the realization of The Complex Program «YACONTO» on construction of the modern large «Commercial Black Sea Port YACONTO» with industrial, transport and social infrastructure the following is suggested.

1. To establish the Public Corporation «Concern YACONTO» in the city of Krasnodar which will set up juridical persons in certain directions of business activities as the special investments will be developed and the projects commissioned. The «YACONTO» Ltd. hereby stipulates for the possibility of handing over to Krasnodar Territory Administration 10 % of the shares of the Public Corporation «Concern YACONTO» to represent the interests of Krasnodar Territory during realization of The Complex Program «YACONTO» as well as to control the proper using of investments attracted.

2. To establish in Tuapse region the Public Corporation «Commercial Black Sea Port YACONTO» (PC «YACONTO Port») for trans-shipment of up to 100 million tons of dry and liquid cargoes annually. The «YACONTO Port» is the key enterprise of The Complex Program «YACONTO».

The long-term mutually beneficial cooperation of «YACONTO» Ltd. with

Turkey in process of fulfillment of The Complex Program «YACONTO» will create the favorable conditions for ships with cargoes of «YACONTO Port» to pass through Bosphorus Strait.

The allotment of the plot of land with the area of 8 square kilometers between settlements Vesna and Dederkoi with strict conformity to sanitary and ecological norms and regulations is necessary for construction of «YACONTO Port» with infrastructure. The requested beach area is the hilly and mountainous plot of land mainly covered with undersized bushy vegetation of Mediterranean xerophyte shibliak type which corresponds to the last IV and VA growth classes which means that this area is not of interest from the point of view of rest, recreation and tourism.

3. To establish in Tuapse Region the «Kubanautodor» Public Corporation (PC «KAD») for participation in construction and operation of the modern six-lane freeway from the town of Goriachi Kliutch up to Georgian boarder. The freeway will be built and operated on commercial basis as the alternative to existing Federal highway and local motor roads.

For construction of the freeway the allotment of the ground area 200 km long and up to 300 m wide is necessary to provide for safety of speedy traffic and to ensure the interests of PC «KAD» during commercial use of wayside area. The mountain section of the freeway will start from Kaverze and Psekups river basins near the town of Goriachi Kliutch, passing the low foothills to the upper reaches of river Chepsie, then the freeway will pass through the tunnel under the main Caucasian mountain ridge, round east of Podkhrebtovoye village and enter the Psebe river basin passing to the right of Psebe village. Then the freeway will pass through the upper reaches of Tu and Azugun rivers, Ponejina river valley, Nebug river basin, then through two low mountain, passes north of Agui-Shapsug and Messajai villages. After the Tuapse river the freeway will enter the neogenic planation surfaces in Vtoraia Kashtanovaia Shel river basin. Alongside the right bank of Dederkoi river it is planned to construct a branch of the main freeway up to «YACONTO Port». The main freeway will go further, cross the Shepsie river in Levada tract and quarry at the Almaluk river and enter the planned surfaces between rivers Shepsie and Makopsei. Then the freeway will go along the sea shore few kilometers away from Big Sochi shore-line up to the Georgian boarder.

4. To establish the Public Corporation «Tuapse Railway Line» (PC «TRL») for operating the railway branch line 25 km long from Krivenkovskoye village up to «YACONTO Port», outside port yards and port railway complex.

Apart from this, The Complex Program «YACONTO» offers four versions of

reconstruction, modernization and construction of new sections of railway lines and yards on Krasnodar Territory, servicing the Black Sea shore from town of Tuapse up to Georgian boarder:

First Version: specifies turning left of the existing operating railway line passing through Tuapse in the direction of Sochi, 18 km from Tuapse near Krivenkovskoye village. Then the railway line will take a new route outside the shore zone with branch line - to «YACONTO Port» and will be connected with the existing railway line near Shepsie village limits.

Second Version: specifies turning of the railway line after passing the tunnel under Peus mountain and yard to the upper course of Shepsie river in the direction of Adler city with erecting of branch line to «YACONTO Port». This gives advantages of simultaneous constructing of freeway and railway line parallel to each other up to the Georgian boarder: 3 km from the shore line within the section from Shepsie to Low, 3-5 km - within the section Low – Sochi – Hosta, within Adler city limits – up to 11 km.

To eliminate the coastal railway branch between Tuapse and Adler, develop the resort area of Big Sochi and considerably increase passenger traffic to the city of Adler the «GIPROTRANSTEL» research and development institute (Affiliation of «Russia Railway Line» Public Corporation) has suggested the third and fourth versions of constructing of railway line. At that, the route will be laid along the pictorial beautiful Krasnodar Territory, which will also contribute to increase of traffic of holiday-makers and tourists to the resort area of North Caucasian Black Sea Shore.

Third Version: according to this version the route is to be laid from Shedok village up to Adler through the tunnel 17 km long under the Main Caucasian mountain ridge.

Fourth Version: according to this version the route is to be laid from Kamennomostsky (Hodjok) village up to Adler through the tunnel 14 km long under the Main Caucasian mountain ridge.

The realization of third and fourth versions of the route will make the railway line to «YACONTO Port» a stub track, but in case of necessity it is possible to implement the second version of the route thus making it a loop line.

5. To set up in Tuapse Region the modern **Public Corporation «Shepsie Oil Refinery» (PC «SOR»)** with annual output of 30 mln tons of export high quality oil products.

For construction of **PC «SOR»** conforming to all sanitary and ecological requirements, it is necessary to allot the plot of land 6 km away from Shepsie village in Levada tract with area of 6 square km for storage capacities of crude oil to be erected in Yalauzen Glade.

Erection of the new oil-trunk pipeline with pipe diameter of 1020 mm and 250 km long from town of Tikhoretsk to SOR through its oil storage depot and up to the oil jetty of «YACONTO Port».

The alternative version stipulates for annual increase of export quality oil products output by 20 mln tons at the expense of general reconstruction and modernization of Tuapse Oil Refinery (TOR) and Tuapse Petroleum Storage Depot (TPSD), erection of new oil-trunk pipe line with pipe diameter of 1020 mm and resettling of 15000 citizens from Tuapse to the modern comfortable residential areas with full complex of social infrastructure near Vesna and Dederkoi settlements. This version can be implemented only on condition of TOR and TPSD strict conformity with all sanitary and ecological norms and regulations and their participation in resettling of citizens including their working personnel.

The implementation of any of these two versions will make it possible to eliminate transportation of oil and oil products by railway through Tuapse Region and city of Tuapse in order to use the railway line more rationally and effectively for massive trans-shipment of cargoes, which cannot be transported by pipe line.

6. To set up in Tuapse Region the special motor trucking enterprise – **Public Corporation «YACONTOTRANS»** with 1500 modern large capacity vehicles capable of providing for regular operation of «YACONTO Port» with infrastructure and Public Corporation «Concern YACONTO».

7. To set up in the city of Krasnodar **the Public Corporation «YACONTO Trade Firm»** for large-scale trade operations connected with «YACONTO Port» with infrastructure and Public Corporation «Concern YACONTO».

8. To erect in Tuapse Region the modern combined gas turbine power generating station **Public Corporation «SHEPSIENERGO»** for power and heat supply of The «YACONTO Port» with infrastructure, including Tuapse Region and city of Tuapse as well.

9. To build at the area of 3 square km **the modern comfortable residential microdistrict** for accomodation of 20000 people with full complex of social infrastructure in the vicinity of Dederkoi village, and another microdistrict - for accomodation of 10000 working personnel of «YACONTO Port» with

infrastructure in the vicinity of Vesna village – and for resettling of citizens from Tuapse Region and city of Tuapse.

For this purpose it is planned to erect the modern water intake system, lay the pipelines to supply the population with gas, potable water, install the water purification and sewerage systems, coast protection units and garbage processing plant.

10. To work out the strategy and policy of economic development the Public Corporation «Concern YACONTO» shall open the representations in Europe, Asia, Africa, America, Australia, CIS and the Middle East.

To ensure the defense capability and security of Russia in Azov – Black Sea basin the «YACONTO» Ltd. stipulated in The Complex Program «YACONTO» for Krasnodar Territory the possibility of creation of Tuapse Naval Base (TNB) for displacement and maintenance of warships of Russian Black Sea Navy on the territory of Tuapse Commercial Sea Port (TCSP) in accordance with general layout schematic diagram envisaging the reconstruction and expansion of TCSP water area. The program of creation of TNB was supported by Commander-in-Chief of the Russian Navy V. Kuroyedov, Chief of Staff of RF Ministry of Defense A. Kvashnin and by President of Russia, Commander-in-Chief of the Armed Forces of Russian Federation V. Putin. However, some officials, who placed their personal self-interests higher than those of the state, started, under far-fetched pretexts and due to pressure of the backstage dealers, to counteract and resist the creation of TNB and strengthening of defense capability and security of Russia on the Black Sea Shore, thus dealing a blow on geopolitical interests of Russia in Azov-Black Sea Basin. But in spite of such active counteracting of the criminal group of officials (CGO), the question of TNB creation is still on the agenda.

The Complex Program «YACONTO» also envisages other projects described in detail in the List of Projects dated 05.01.04 for Krasnodar Territory.

Major construction, manufacturing and financial companies of Germany, France, Spain, Turkey and United States have notified the «YACONTO» Ltd. of their interest in participation in financing, designing, construction and supplying with modern technological equipment of the «Commercial Black Sea Port YACONTO» with industrial, transport and social infrastructure.

The realization of Complex Program «YACONTO» is deliberately hampered by spreading of misinformation, sabotage of individual corrupt officials and by attempts to assume the right of intellectual property belonging to «YACONTO» Ltd. by detraction of meaning of The Complex Program and by its

depersonalization in the interests of CGO. They also prejudice the statement of the President of Russian Federation Mr. V. Putin on doubling of Internal National Produce by 2010, for which it is necessary to vastly increase the volumes of cargo trans-shipment through sea ports of Russia.

It is particularly noteworthy to point out that the realization of Complex Program «YACONTO» will also ensure the favorable conditions for economic development of Novorossiysk Commercial Sea Port and that's why it is not contrary to its interests.

At this stage only one essential thing is needed – that is to make a decision by the Administration of Krasnodar Territory on the support of realization of The Complex Program «YACONTO» and on its consent to allotment of the plots of land necessary for construction of the «Commercial Black Sea Port YACONTO» with industrial, transport and social infrastructure in accordance with the List of «YACONTO» projects dated 05.01.04 and proposals enclosed in this Report.

In connection with the above mentioned we consider untimely and damaging to Krasnodar Territory and Russia the persistent demands of some officials to present the detailed declarations and feasibility studies on each unit project separately whereas only coordinated realization of all interconnected projects will ensure their highest economic efficiency and return of investments in The Complex Program «YACONTO» in due time.

The Complex Program «YACONTO» fully corresponds with the interests of economic development of Krasnodar Territory as well as with those of defense capability and security of South of Russia, its geopolitical interests in the Azov-Black Sea Basin.

The originality and scope of The Complex Program «YACONTO» demand the non-standard approach and its approval by Head of Administration of Krasnodar Territory Mr. A. Tkachev and then by the President of Russian Federation and Commander-in-Chief of the Armed Forces of Russia Mr. V. Putin.

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