

## Higher, Larger, Costlier: Sochi and the 2014 Winter Olympics<sup>1</sup>

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### Abstract

With its subtropical climate and beaches, Sochi is known as the summer capital of Russia. For its conversion into a global winter sports resort, the Russian government has set in motion a gigantic programme of investment. With dire consequences: the gigantomaniac project has resulted in a massive waste of money, enormous environmental damage and infrastructure grossly out of proportion to the everyday needs of the local population.

### Russia's Summer Capital

Sochi is the beating heart of the Russian Riviera on the Black Sea coast. The agglomeration extends for more than 140 km along the coast until the Abkhazian border, with a population of just under 420,000. The city proper has a population of only 130,000, however. The area's topography means that its settlements and infrastructure are concentrated on a thin coastal strip, the land rising sharply behind it; Mount Fisht, after which the Olympic Stadium is named, rises 2,867 metres a mere 30 km from the sea to form the north-western edge of the Central Caucasian range. Situated at 44° north, Sochi is at a similar latitude to Nice or Genoa. Located in a humid subtropical climate zone, it experiences colder temperatures in winter and significantly more precipitation than either of these cities however. The orographic lifts caused by the Caucasian wall bring 1,700 mm of precipitation annually—falling as snow on the high mountains in autumn and winter if the temperature is low enough. The advertising slogan “Where white snow meets the Black Sea” is misleading however: the snow seldom lies for more than a few days at sea level.

Sochi's annual average temperature of 13.1°C is 3°C higher than Vancouver, which in 2010 became the warmest Winter Olympic venue. Palm trees, eucalyptus and oleander bear witness to the subtropical climate and make Sochi unique among the regions of Russia. The city is traditionally renowned as Russia's summer capital (Letnyaya Stolitsa) and has specialised as a seaside resort. In the Soviet Union, Sochi was probably considered the most prestigious holiday destination and was a model city for Soviet tourism. Many trade unions owned grand sanatoria there, and a visit (*putyovka*) to Sochi was a privilege granted only to the nomenklatura or to workers of outstanding merit. During the tenth five-year plan (1976–1980) a total of 47 million stayed at the sanatoria.

The dissolution of the Soviet Union in 1991 also brought a collapse in the number of tourists. With the economic upturn since Putin came to power, Russian cit-

izens increasingly prefer to spend their holidays beyond the former Iron Curtain rather than return to the old centres of Soviet tourism. More than twenty years after the collapse of the Soviet Union, Sochi receives far fewer guests than it did during its boom years. Nobody knows quite how many fewer. Sochi's mayor, Anatoly Pakhomov, said there were four million summer visitors, which would place Sochi up there with such international super-resorts as Cancún and Atlantic City. On another occasion he said there were only three million. Other sources suggest one million is more realistic. This estimate would also tally with the passenger numbers of 2.1 million at the airport in Sochi, given that most visitors to Sochi come by plane. Moreover, the length of stays has decreased significantly: whereas in the past visitors stayed for an average of nine days, now it is only five. In sum: tourism in Sochi is now a mere shadow of its former glory.

### A Makeover for Winter Sport

Until recently only a few scattered ski lifts near Sochi suggested that the topography of the Caucasus also held potential for winter tourism. Notwithstanding a few small areas such as Dombay in Karachay-Cherkessia or on Mount Elbrus, the entire Caucasus is hardly accessible for mass tourism. The 2014 Winter Games are supposed to tap into this potential, with Putin hoping to draw on Sochi's long tradition as a Soviet resort while giving the region a new image. Sochi is meant to become Russia's third city after Moscow and St. Petersburg. While Moscow represents the nerve centre of political and economic power and St. Petersburg is Russia's cultural capital, the new Sochi looks to the west; nonchalant and easy-going, it invites the global leisure industry to get to know a Russia beyond oil, gas and corruption. The slogan for the Winter Games in Sochi, “Hot. Cool. Yours.” (*Zharkie. Zimnie. Tvoi.*), targets those seeking a hedonistic lifestyle. To support his vision, Vladimir Putin attended the IOC meeting in Guatemala in 2007, to give his personal guarantee that the organisation would run smoothly and extolled Sochi's virtues for the 2014 Games. The immodest yardsticks for the new Sochi are the established resorts of the global winter sport jet-set from Aspen to Zermatt. For Putin there is no doubt:

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“Sochi is going to become a new world class resort for the new Russia. And the whole world!”

Putin’s promise had far-reaching consequences for the region. When Sochi was awarded the 2014 Winter Olympics on 5 July 2007, there wasn’t a single venue capable of hosting an Olympic event. The area lacked tens of thousands of hotel rooms of international standard. The region was beset by frequent traffic jams, the 30-kilometre drive from the airport to central Sochi sometimes taking more than two hours during rush hour. 12 billion US dollars were set aside for the Games, but it soon transpired that this was not nearly sufficient. In early 2013 the government published a new estimate of some 50 billion dollars. The 16-day event in Sochi now surpassed the hitherto most expensive (and much larger) Summer Games held in Peking in 2008 by more than 10 billion US dollars. The event thus represents an extreme example of regional politics: investment in the region amounts to 115,000 US dollars per inhabitant of Sochi. This means that every Russian citizen foregoes an average of 350 US dollars in public funds.

Contrary to the original plan, the larger part of the money invested has come from the state purse. Preparations for the Winter Games were supposed to have become a model for the role of private investors in the realisation of large-scale projects in Russia. But interest on the part of investors has remained low; lucrative contracts were awarded to the camarilla, while numerous other projects promised little profit. The government thus overtly called for private investors such as the oligarchs Oleg Deripaska and Vladimir Potanin to do their duty to society and finance these unprofitable projects. Along with the development of resorts, it was also demanded that they foot the bill for sports venues, as a kind of indirect tax. After the Winter Olympics, these stadia would pass over into state ownership at no cost. The benefactors hoped this implied that in return they would enjoy good connections to the authorities and preferential treatment when it came to awarding contracts.

This preferential treatment is evident everywhere. Putin’s bosom friend Arkady Rotenberg, for example, has built up a portfolio of 3.4 billion US dollars in public contracts through his activities. The mechanisms for personal gain are similar. Either unwelcome competitors are put under pressure through state-sanctioned intimidation in order to force acquisition of property at favourable prices, or the prices of contracts are artificially inflated so that every stakeholder is guaranteed a corresponding slice of the cake. Those who fall out of favour have to leave the scene. The Bilalov brothers had to sell their shares in the ski area in *Gornaya Karusel’* in Krasnaya Polyana and emigrate to Germany after Akhmed Bilalov had publicly criticised Putin several times. In turn, specially appointed

state inspectors pointed to financial mismanagement and inefficiency in Bilalov’s construction projects. The official line, however, is that preparations for the Winter Games are free of corruption. In 2011, Vice Premier Dmitri Kozak declared that a large-scale state investigation had not brought to light a single case of illegal payments.

### A Resort from a Retort

In 2013 Sochi became the world’s largest building site: almost 100,000 construction workers worked round the clock to complete the resort in time for the arrival of more than 120,000 visitors in February 2014. As was the case with the Vancouver Games, the Sochi event will be held in two clusters: a coastal cluster for the ice sports in Adler and a mountain cluster for the alpine sports and sledging in Krasnaya Polyana. Whereas the buildings on the coast are arranged around a central square and thus realise a concept of short paths, the facilities in the mountains are spread across several resorts along the Mzymta valley (see Table 1). The ski areas in Krasnaya Polyana are all equipped with the latest technology, but with the exception of Roza Khutor they are all rather small. The oldest area is Alpika Service, which, like Laura, is owned by Gazprom. The first chair lifts were built here in the early 1990s, and plans were hatched to bring the Winter Games to Sochi. Two attempts in 1991 and 1995 failed due to insufficient infrastructure and the instability that characterised Russia, and particularly the Caucasus, in the 1990s.

The names of the architects and planners for Sochi read like a global who’s who of the (winter) sports scene: Ecosign from Whistler in Canada helped design the bid for the Games, Drees und Sommer from Stuttgart are project managers for the Olympic Park, the Populous architects’ studio designed the Fisht Olympic Stadium, the German engineering firms Gurgel + Partner and Kohlbecker designed the bobsleigh run and the ski jumps. International chains such as Radisson, Hyatt, Swissôtel or Mercure have opened hotels in Sochi and its environs. Despite its ambitions to become a player in the international market, the best chances for Krasnaya Polyana seem to lie in the Russian domestic market: with prices similar to those in the Alps, only connoisseurs will be willing to overcome difficulties in obtaining visas and language barriers in order to get to know the relatively small ski areas of Krasnaya Polyana.

The larger part of the projected budget is not for sports facilities, however, but for infrastructure, especially for transport and energy supply. The largest project is a new rail and road link between the airport in Adler on the coast and the resort of Alpika Service in Krasnaya Polyana, costing between eight and nine billion US dollars—almost double the entire investments in the 2010 Vancouver Games. The new connection will

reduce the time spent travelling the 50 km from Adler to Krasnaya Polyana from one hour to around 30 minutes at best. The hotel capacity too is undergoing massive expansion. 42,000 hotel rooms in various categories are part of the contractual agreement with the IOC—it is already foreseeable, however, that not all the hotels will be ready on time. For this reason, alternative arrangements have been put in place for some stakeholders: for example, the approximately 25,000 volunteers are to be housed on chartered cruise ships anchored on the coast.

### Excesses and Investment Ruins

The will to reconstruct Sochi demonstrates a gigantomania that is unusual even by Russian standards. The extent of the investments puts every other large-scale post-Soviet project in the shade. The consequences are as dire as they are predictable. The enormous pressure of time felt in building the necessary infrastructure, often accentuated by arbitrary bureaucratic decisions, means that the impact on the environment and people has become a secondary concern. Even the organising committee concedes that irreversible damage has been done. This is all the more serious because the construction sites are located in Caucasian nature reserves. For example, extensive sections of the river *Mzymta* have been spoilt and straightened, whilst pillars for the rail and road link have been cemented into the river bed, from which large amounts of gravel have been directly excavated. Meanwhile, environmental organisations have completely withdrawn from discussions with contractors after even the most fundamental aspects of environmental protection were ignored, although the organising committee continues to adver-

tise the event as the greenest Olympic Games of all time.

The principal legacy of this gigantomania, however, will be infrastructure that is utterly disproportional and far too expensive for everyday needs. The combined rail-road link from Adler to Krasnaya Polyana will not be used to capacity even in high season. The total capacity amounts to 20,000 passengers per hour (11,500 by road, 8,500 by rail)—more than the number of rooms planned for Krasnaya Polyana. The subsequent use of the six stadia and the winter sport facilities will be the biggest cause for concern, however. After the Games, ownership of these facilities will pass over to the sports ministry, which foresees estimated maintenance costs of 82 to 137 million US dollars annually. The idea of dismantling stadia in Sochi after they are built and moving them to other cities turned out to be unviable and will be realised only for one stadium.

For this reason, many local residents are unhappy despite the inordinate investments for they cannot see how the extravagance will be of any use in their everyday lives. On the contrary, the remaining slivers of prime real estate on the Black Sea coast and in the mountains have been sold to foreign investors and will thus be reserved for paying guests. For the foreign observer, the 2014 Winter Olympics in Sochi may be a fleeting lesson on the excesses of state dirigisme and neo-patriotical politics; for the Russian leadership an opportunity to show the country at its modernised best; for the athletes and associations the height of sporting competition. But for local residents they have changed their lives immeasurably. Whether that change is for the better, the Russian government is yet to show how.

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#### Further Reading:

- Müller, Martin, ed. 2013. "Sochi and the 2014 Olympics: Game Over?" *Euxeinos* 12: 1–47. Available online from <[www.euxeinos.ch](http://www.euxeinos.ch)>
- Müller, Martin, ed. 2014. "Sochi 2014: Great Games for a Great Power?" *East European Politics*, in press.
- Müller, Martin. 2014. "(Im-)mobile Policies: Why Sustainability Went Wrong in the 2014 Olympics in Sochi." *European Urban and Regional Studies* 21: in press.

**Table 1: Overview of the Four Ski Areas in Krasnaya Polyana**

	Roza Khutor	Gornaya Karusel'	Laura	Alpika Service
Owner	Interros (Vladimir Potanin)	Sberbank	Gazprom	Gazprom
Length of pistes (in km)	72	12	15	25
Highest elevation	Roza Pik (2320 m)	Black Pyramid (2300 m)	1800 m	Aibga (2238 m)
Lifts (under construction)	13 (5)	8 (1)	6 (6)	6 (1)
Capacity (persons/hour)	30 600	11 340	9 800	(5 670)
Day ski pass	CHF 46 (RUB 1500)	CHF 40 (RUB 1300)	CHF 40 (RUB 1300)	Currently under reconstruction
Olympic facilities	Alpine skiing, snowboarding, freestyle	Ski jump	Biathlon, cross-country skiing	Bobsleigh