



# Kaliningrad slide package for a foreign investor



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[www.tukkk.fi/pei/e](http://www.tukkk.fi/pei/e)

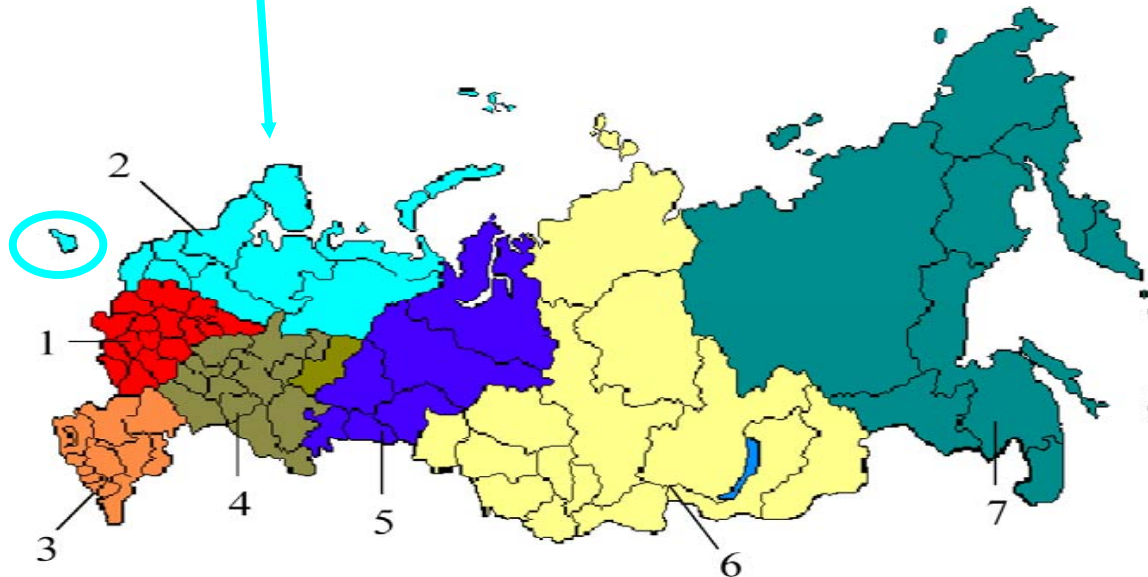
# Kaliningrad region in Russia

**Table 1. Area and population of Russian Federal Districts**

Federal District	Area (1000 km <sup>2</sup> )	% of total	Population (mil.)	% of total	Population density (person/km <sup>2</sup> )	Share of urban population (%)
1. Central	651	3.8	38.0	26.2	58.3	79.9
2. North-Western	1 678	9.8	14.0	9.6	8.3	82.3
3. Southern	589	3.4	22.1	15.8	38.9	57.5
4. Volga	1 038	6.1	31.2	21.4	30.0	70.8
5. Ural	1 789	10.5	12.4	8.5	6.9	80.7
6. Siberian	5 115	30.0	20.1	13.8	3.9	71.1
7. Far Eastern	6 216	36.4	6.7	4.6	1.1	75.9
<b>Total</b>	<b>17 075</b>	<b>100</b>	<b>145</b>	<b>100</b>	<b>8.5</b>	<b>73.3</b>

Sources: Goskomstat 2003; 2004.

**Map 1. Russian Federal Districts**





# Kaliningrad region in Russian economy

## Basic facts (of the Russian total)

Area	0.1%
Population	0.7%

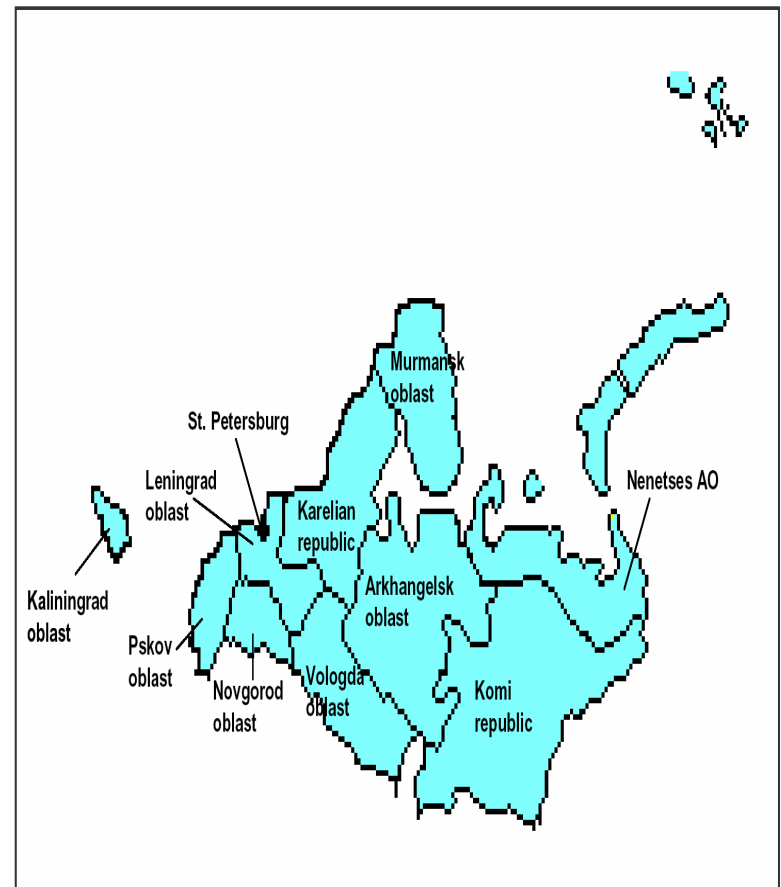
## Economy

GDP	0.4%
Enterprise population	0.9%
Industrial production	0.4%
Retail trade	0.5%

## External economic relations

Exports	0.4%
Imports	3.7%
Foreign direct invest.	0.1%

Map 4. Regions of the North-Western Federal District



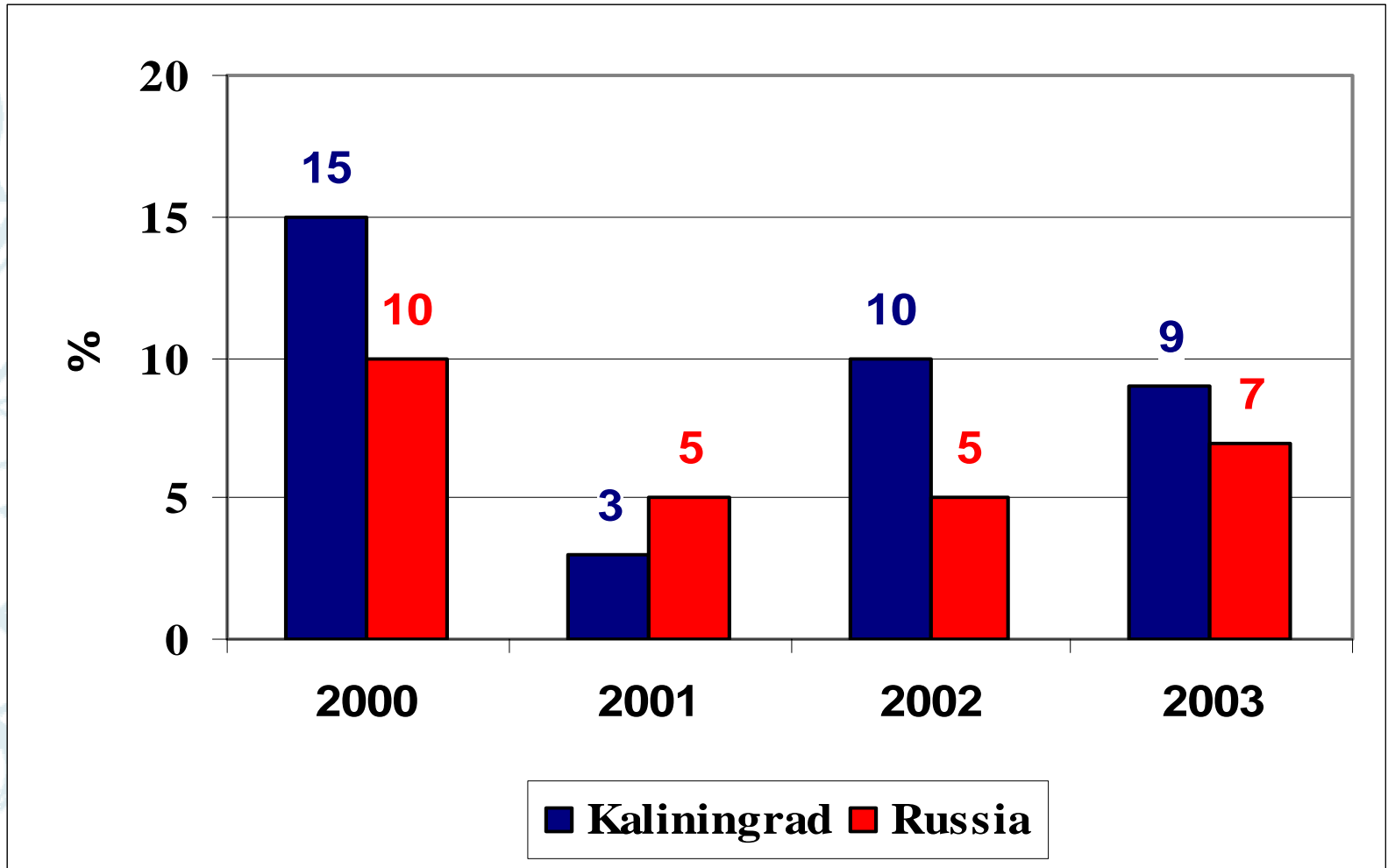


# Kaliningrad among Russian regions (rating out of 89 regions)

<b>Rating of investment potential 2003-04</b>	<b>37</b>
Change from previous year	-2
Labour potential	52
Consumption potential	58
Production potential	53
Financial potential	52
Institutional potential	29
Innovation potential	54
Infrastructure potential	3
Natural resource potential	40
<b>Rating of investment risk 2003-04</b>	<b>35</b>



# Economic development (annual GDP growth)





# Transport infrastructure

- Sea ports in Kaliningrad, Baltiisk and Pionersky
  - Russia's only ice-free ports in the Baltic Sea
  - Total port capacity including inland river ports 14,95 million tonnes
- Region's main airport about 10 km north from Kaliningrad
  - Direct flights from Moscow, St. Petersburg, Warsaw and Copenhagen
- Highway density 300 km /1 000 sq. km
- Railway density 375 km / 10 000 sq. km
  - Connections to Moscow, Gdansk, Berlin, Belarus, Ukraine, Czech Republic etc.



# Transport volumes

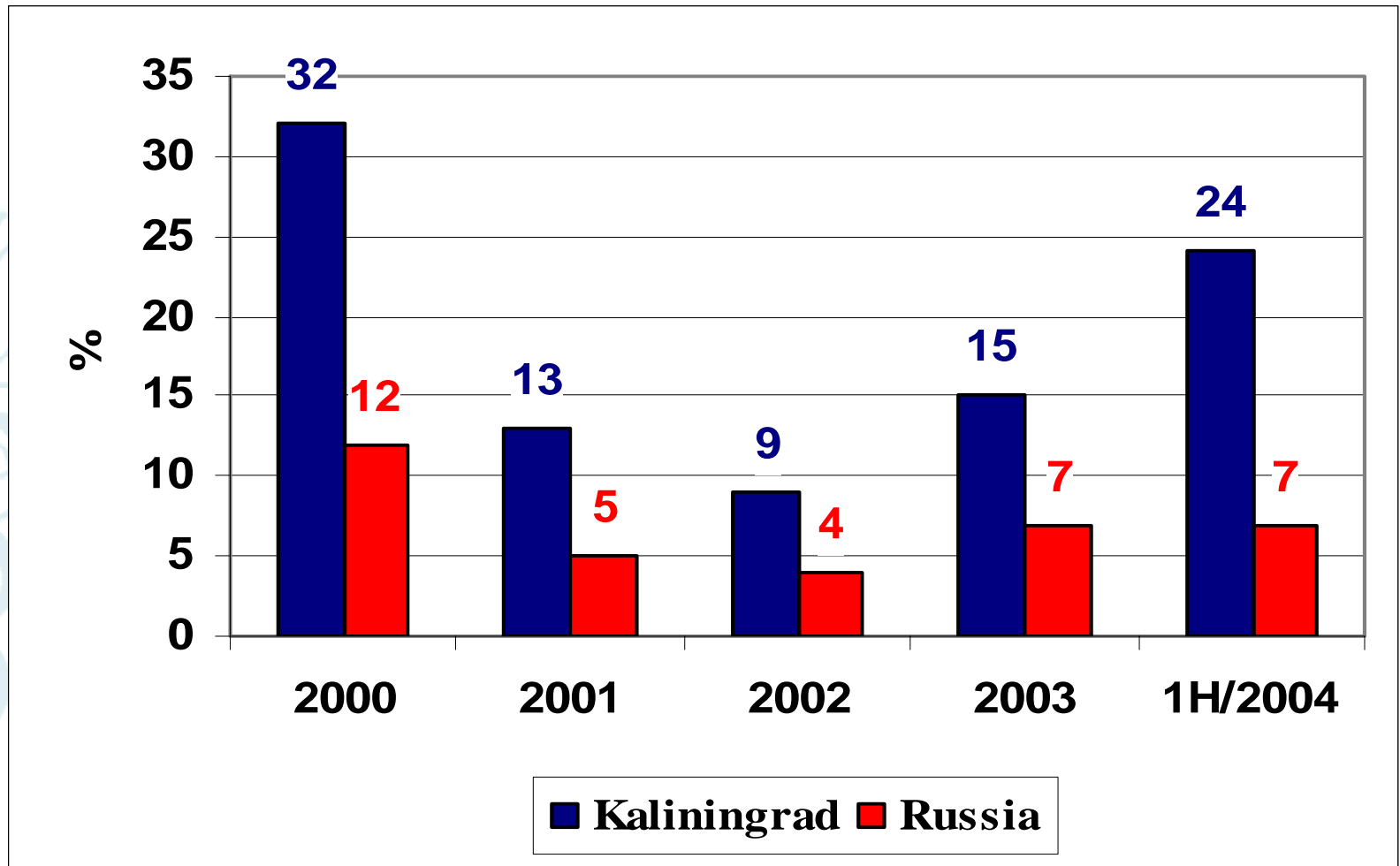
## Goods transport

	<i>1H2004</i>	<i>%-change to 1H2003</i>
Total, thousand tonnes transported	1,517.2	-1.8
<i>By</i>		
Rail transport	962.9	-6.2
Road transport	134.7	31.3
Water transport	419.2	3.6
Air transport	0.43	26.5

*Source: Kaliningrad oblkomstat (2004)*



# Development of industrial production





# Development of industrial production

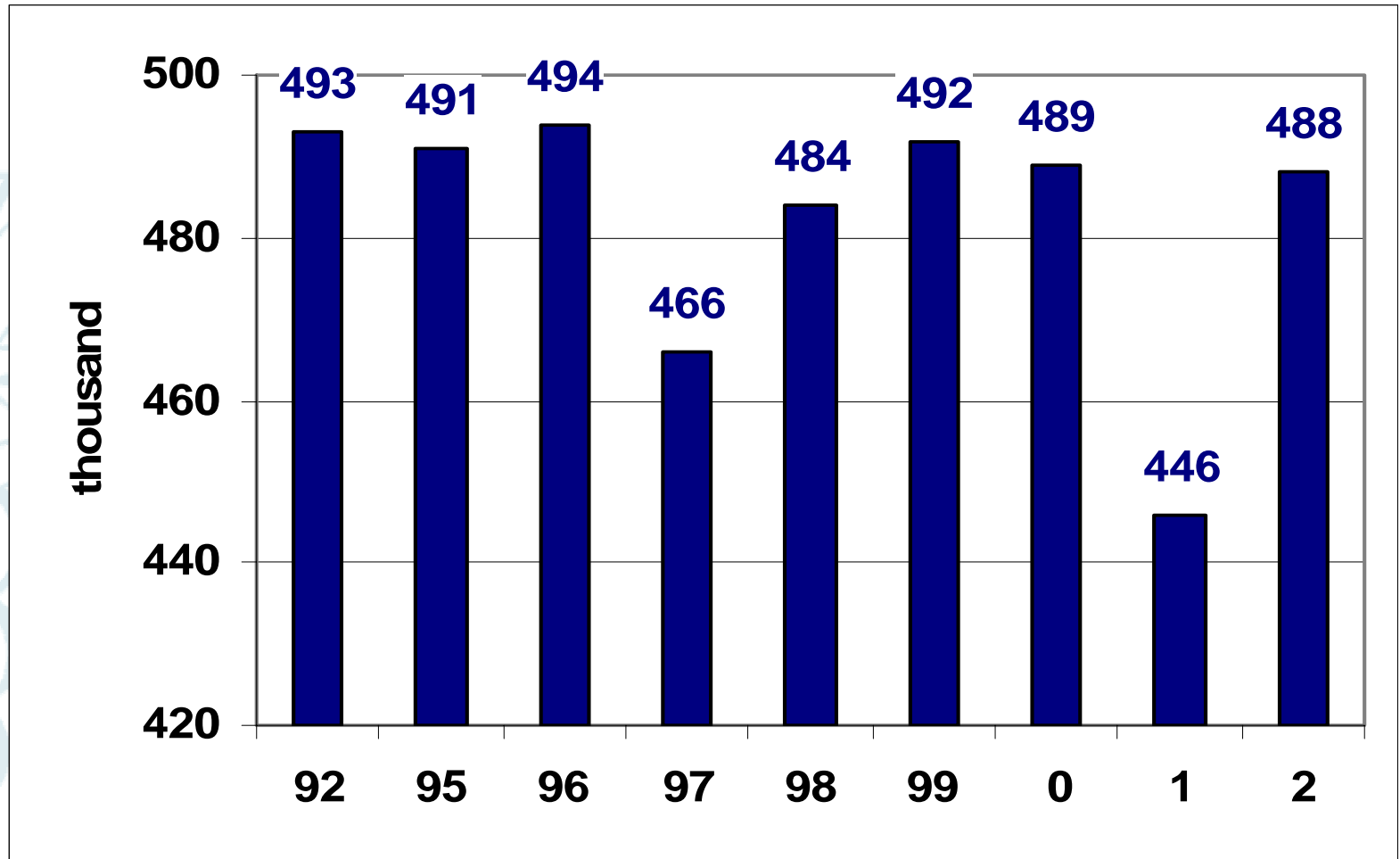
## Changes in industrial production by sectors, % change on previous year

	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>1H2004</i>
Volume of industrial production, including:	12.9	10.2	14.5	24.2
Power industry	-4.5	9.6	0.6	0.1
Fuel industry	-0.9	0.4	1.5	1.7
Machine-building and metal industry	25.9	36.1	38.1	57.9
Forestry, wood-processing and pulp & paper industry	7.4	5.6	0.9	9.5
Construction materials industry	52.9	-5.4	17.0	-1.3
Light industry	-4.4	46.7	3.4	-49.1
Food industry	45.0	14.1	-3.0	4.0
Flour, grits and fodder industry	-3.4	-16.5	13.2	31.7

*Source: Kaliningrad oblkomstat (2003, 2004)*



# Labour potential (number of economically active people)





# Labour potential

## Level of unemployment (at the end of period)

	2001	2002	2003	1H2004
Registered unemployed, in thousands	8.1	9.7	8.6	7.9
Level of official unemployment	1.7%	2.2%	1.9%	1.7%
Unemployed according to ILO, in thousands	43.0	31.3	41.2	36
Level of unemployment according to ILO	10.6%	7.1%	9.1%	8.0%

*Source: Kaliningrad oblkomstat (2004)*



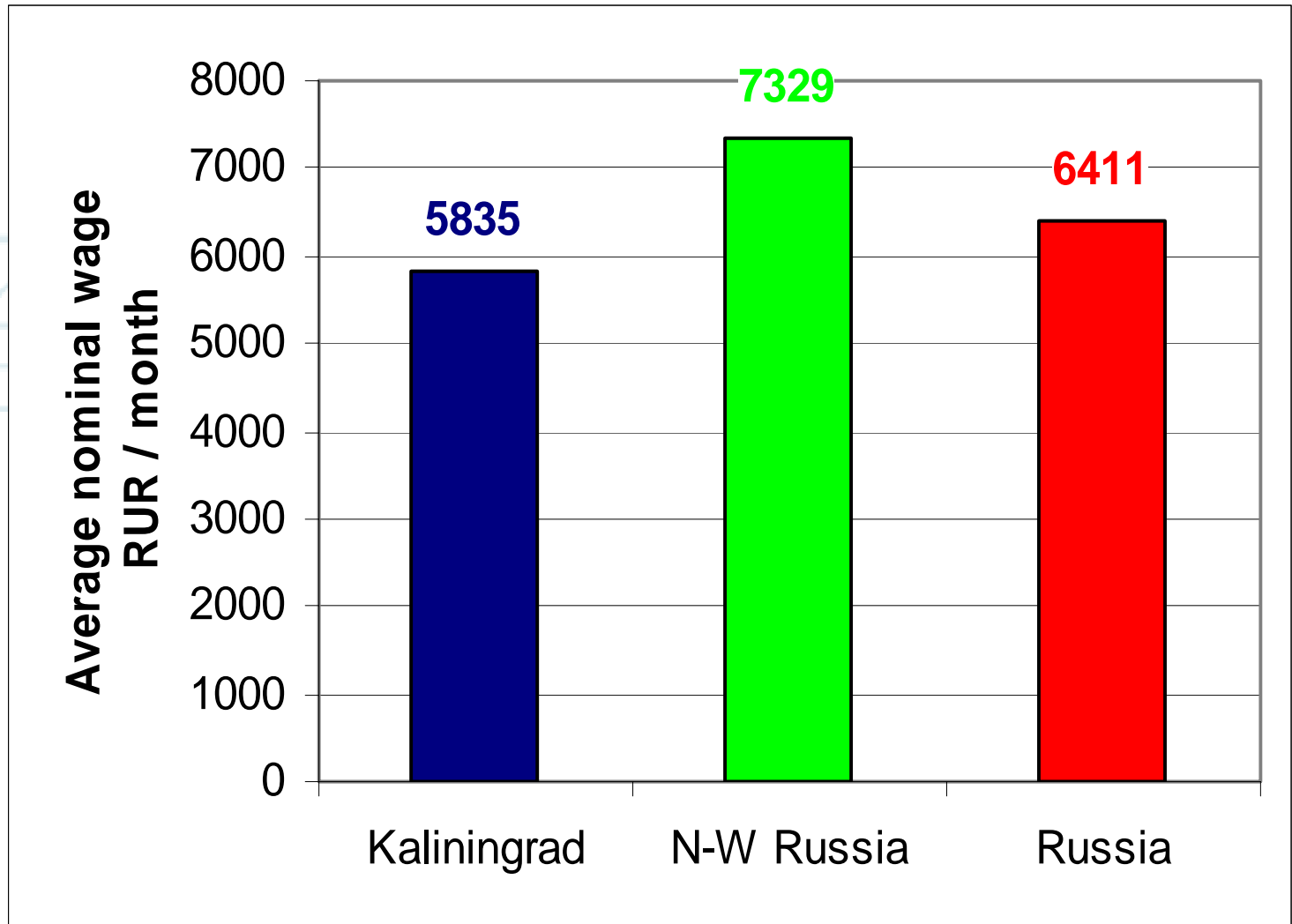
# Development of investment

## Investment in fixed capital

	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>1H2004</i>
Total RUR million	4,571	5,743	6,512	14,866	7,133
Real changes (in constant prices), %	64.5	3.1	2.8	68.8	-3.1

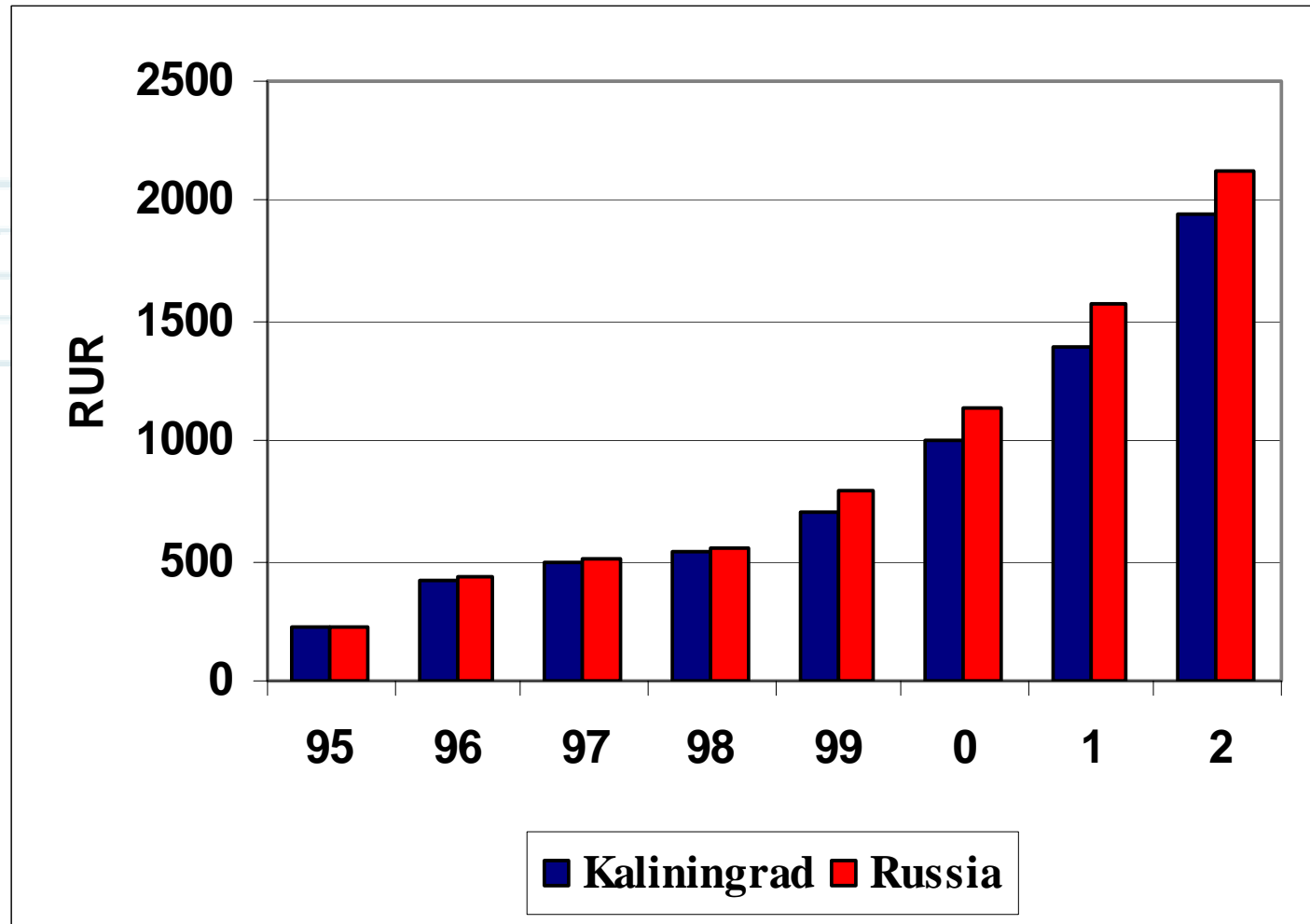
*Source: Kaliningrad oblkomstat (2004)*

# Buying power (average nominal wage)



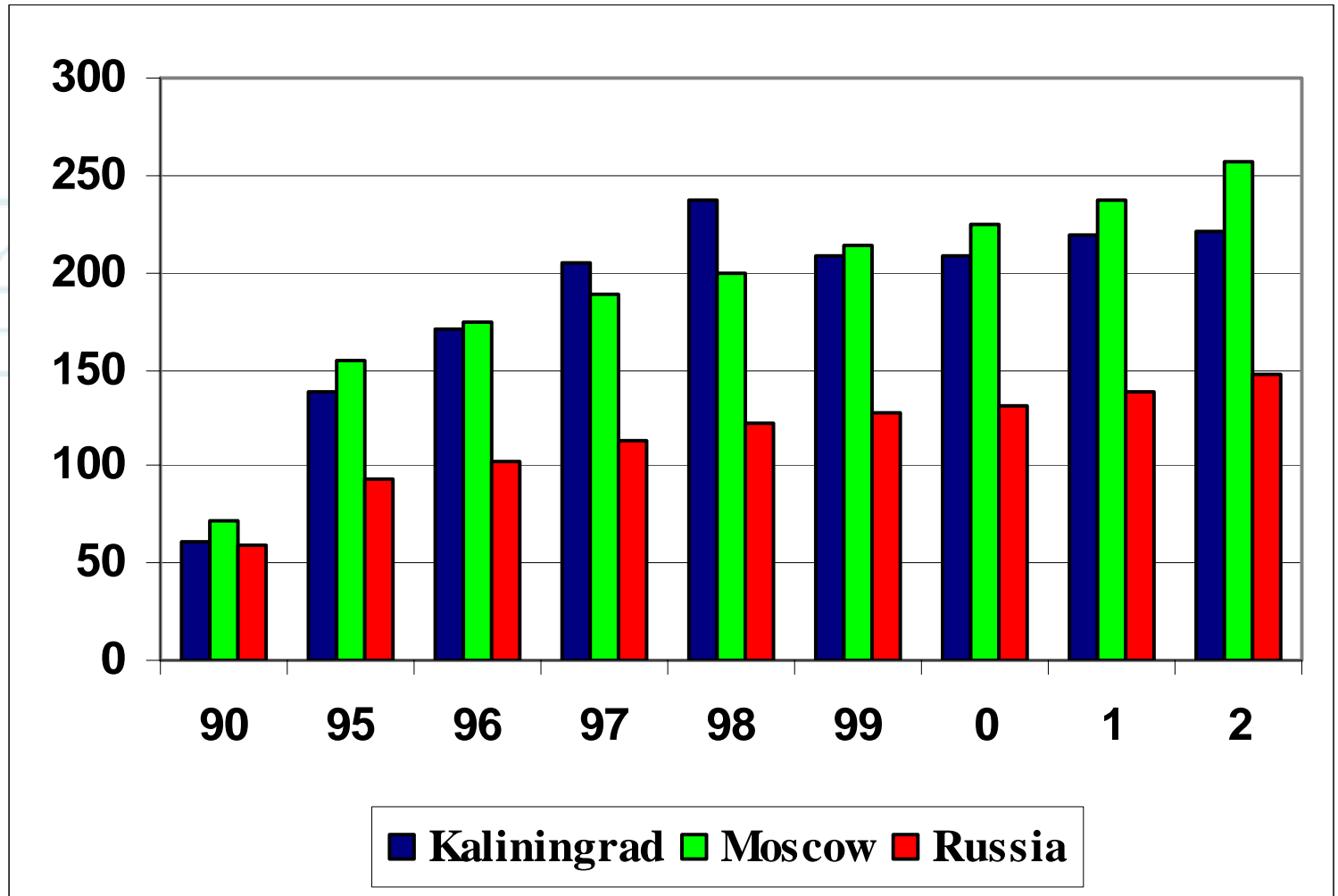


# Buying power (balance of deposits in the Savings Bank of Russia)



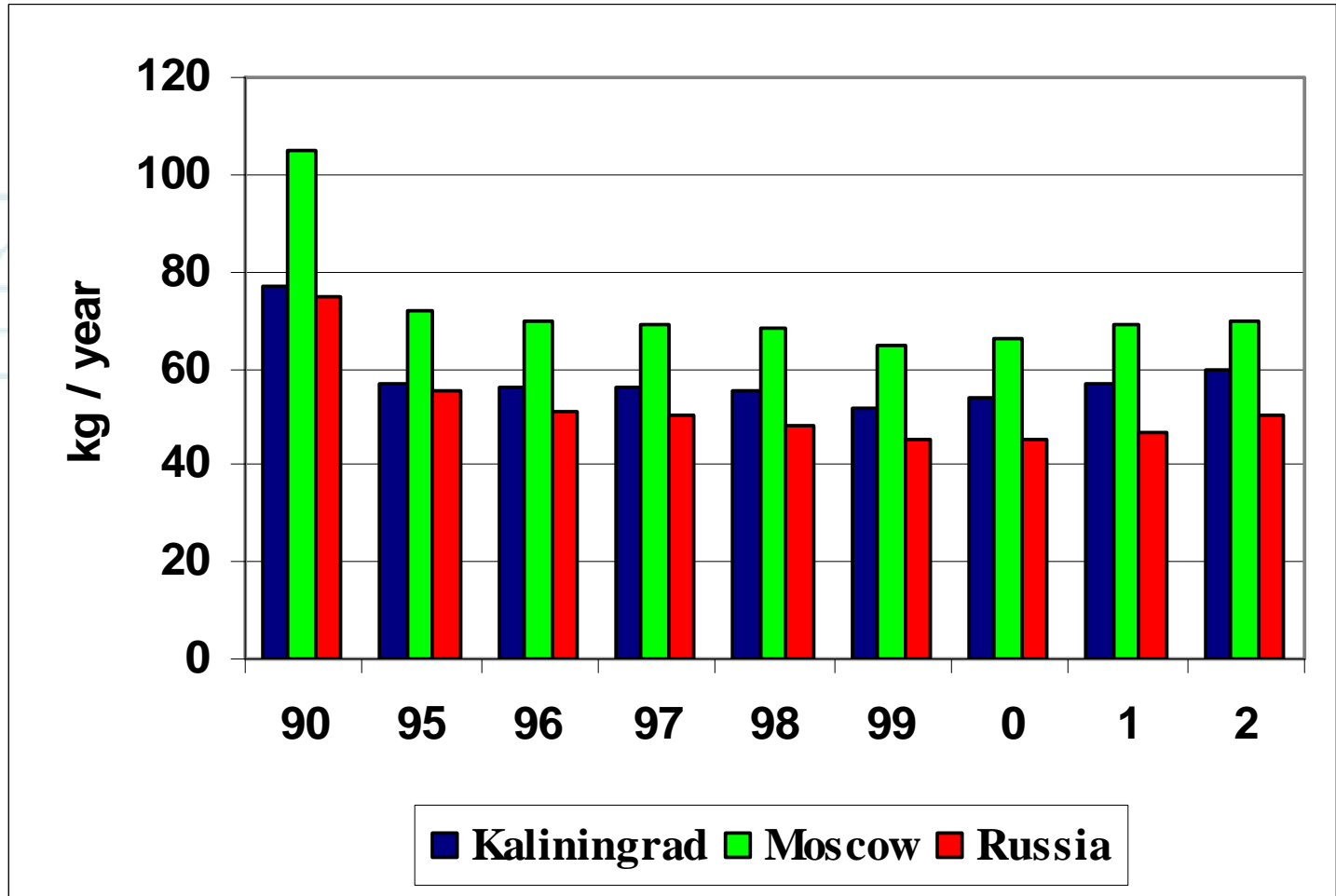


# Consumption & wealth (number of passenger cars per 1000 persons)





# Consumption & wealth (meat and meat product consumption)





# Development of retail trade

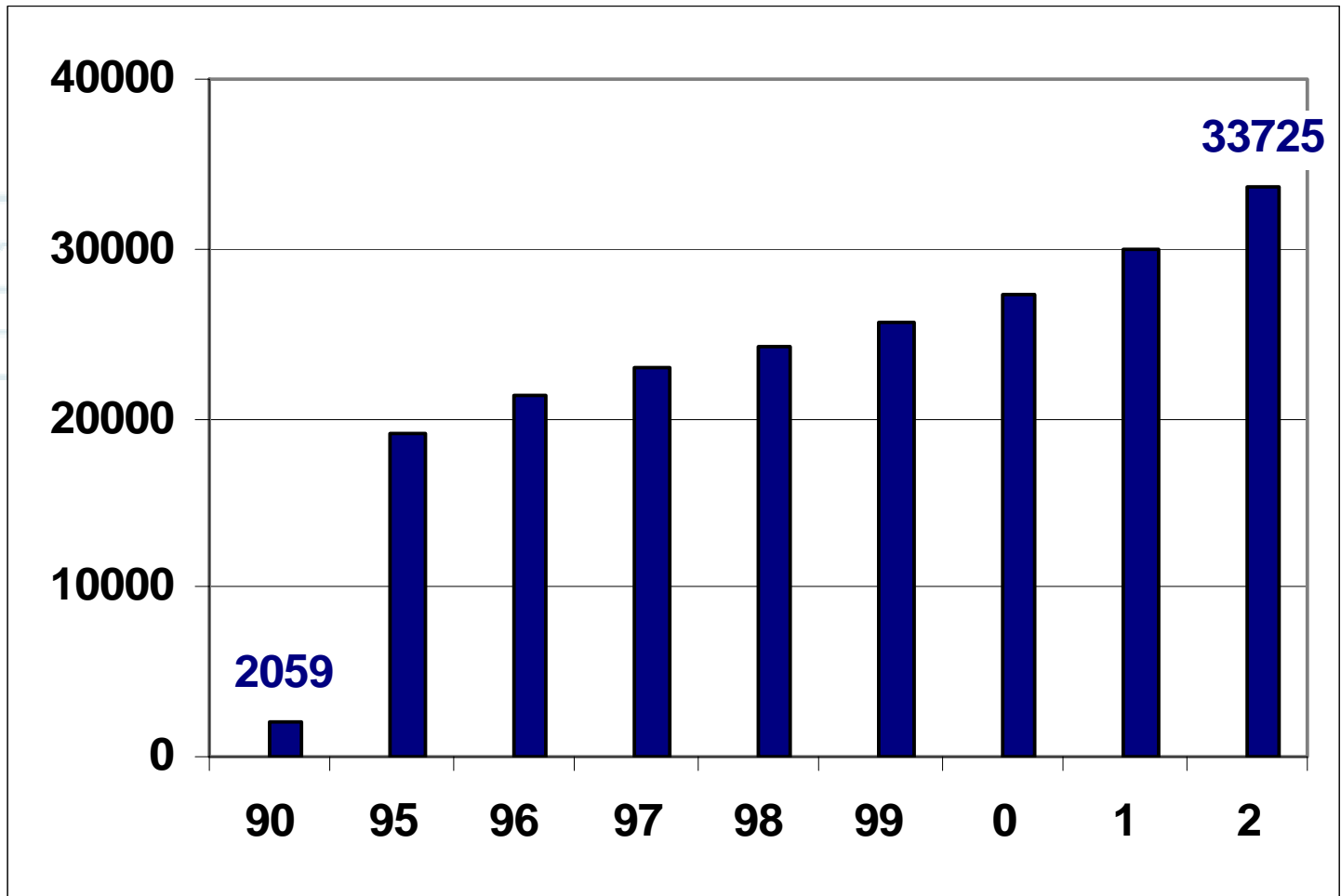
## Retail trade

	2001	2002	2003	1H2004
Retail sales, RUR billion	15.6	17.7	19.4	13.4
Real change, %-change on previous year				
Kaliningrad province	0.7	0.8	0.7	16.4
Russia	10.7	9.2	8.0	11.1

*Source: Kaliningrad oblkomstat (2004)*



# Competition & co-operation (number of enterprises and organisations)





## 20 largest companies

- 1) Lukoil Kaliningradmorneft (a subsidiary of Lukoil) – oil business
- 2) Morskoy torgovy port Kaliningrad (Kaliningrad sea trade port) – transportation
- 3) Kaliningradskaya zheleznaya doroga (a filial of Russian Railways) – transportation
- 4) SPI-RVVK – production of alcoholic beverages
- 5) Gazoil (a subsidiary of Gazprom) – natural gas business
- 6) Kaliningradgazifykatsya – natural gas distribution
- 7) Yantarenergo (a subsidiary of RAO UES) – electrical energy
- 8) Tsepruss – cellulose production
- 9) Sovetsky tsellylozno-bumazny zavod – cellulose and paper production
- 10) Nemansky tsellylozno-bumazny kombinat – cellulose and paper production
- 11) MDM – retail trade
- 12) Vester – retail trade
- 13) Telebalt – electronics
- 14) Produkty pitanya Kaliningrad (Kaliningrad food products) – foodstuffs
- 15) Avtotor – assembly of cars (BMW and KIA)
- 16) Codruzhestvo – fodder
- 17) Kaliningradsky tarny kombinat – metal packages
- 18) Metallitseskaya upakovka – metal packages
- 19) Kaliningradgazavtomatika – production of appliances for gas industry
- 20) Morskaya Zvezda – fishing



# Non-CIS imports of Russian regions

Table 24. Top 10 regions concerning non-CIS imports

Rank	Region	Non-CIS imports (\$ mn)	Share of total non-CIS imports (%)	Population share of Russia's total (%)	Non-CIS imports per capita (\$)
1)	Moscow	14732.6	41	6	1419
2)	St. Petersburg	4731.7	13	3	1015
3)	Moscow oblast	2803.5	8	5	424
4)	Kaliningrad oblast	1544.2	4	1	1617
5)	Leningrad oblast	967.7	3	1	580
6)	Krasnodarsk krai	872.7	2	4	170
7)	Primorsk krai	754.7	2	2	364
8)	Samara oblast	659.6	2	2	204
9)	Tyumen oblast	566.4	2	2	173
10)	Sverdlovsk oblast	487.9	1	3	109
<b>Federation average</b>					
<b>Top 10</b>		<b>28121.0</b>	<b>78</b>	<b>29</b>	<b>247</b>

Sources: Goskomstat 2003; author's calculation.



# Development of foreign trade

## Kaliningrad trade flows, in USD millions

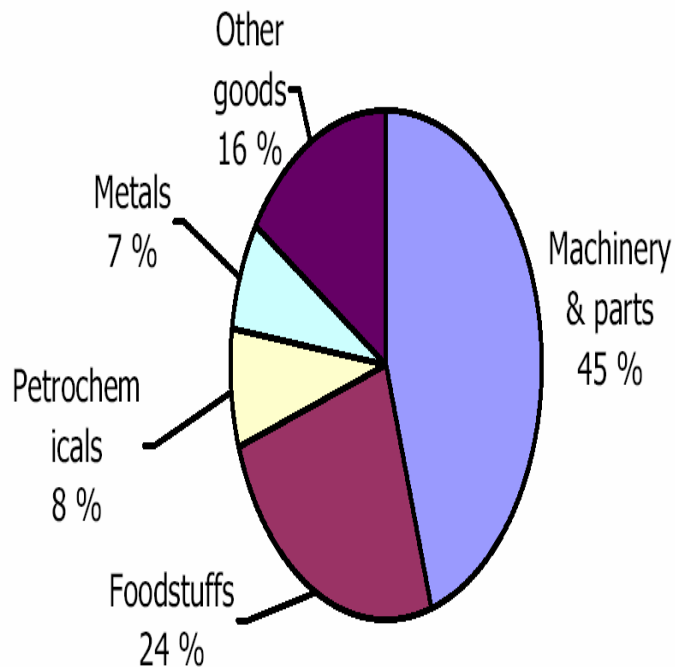
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>1H2004</i>
Exports of goods	475	455	471	556	391
Imports of goods	875	1,047	1,610	2,135	1,252
Turnover	1,350	1,502	2,081	2,691	1,643
'Exports' of Kaliningrad goods to the mainland Russia	424	619	759	1,118	772

*Source: Kaliningrad oblkomstat (2004)*



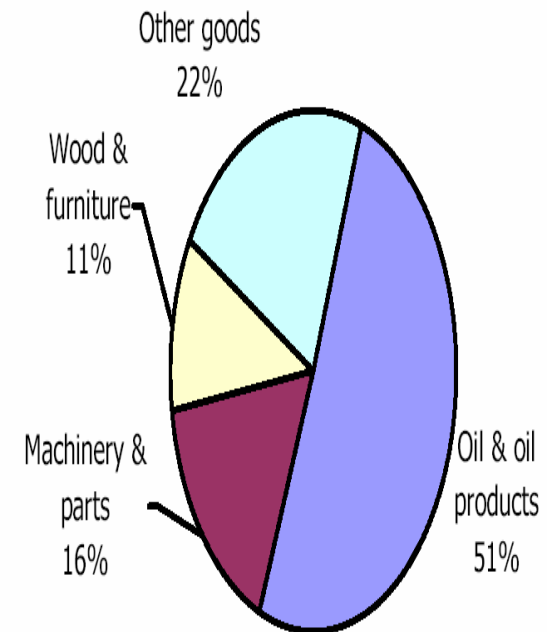
# Foreign trade structure

**Goods structure of Kaliningrad's imports (first half of 2004, total 1,252 million dollars)**



*Source: Kaliningrad oblkomstat (2004)*

**Goods structure of Kaliningrad exports (first half of 2004, total = USD 391 million)**



*Source: Kaliningrad oblkomstat (2004)*



## 10 largest importers in 2003

1) Telebalt (electronics)	5.9%
2) Avtotor (automobiles & machinery)	5.2%
3) Promexportimport (household appliances)	2.6%
4) Interfood (foodstuffs)	2.4%
5) Lukoil – Kaliningradmorneft (oil business)	2.3%
6) Agerratum (foodstuffs)	1.7%
7) Stela Plus (electronics)	1.4%
8) Sodruzhestvo Kargo (material for fodder)	1.3%
9) Podonit Plus (black metallurgy)	1.1%
10) Produkty Pitanya Kaliningrad (foodstuffs)	1.0%
Total 10	24.9%

**Total imports**

**\$ 1758 million**



## 10 largest exporters in 2003

1) Lukoil – Kaliningradmorneft (oil business)	23.1%
2) Lukoil (oil business)	12.0%
3) Vero Handels (metal constructions)	5.4%
4) Tsepruss (cellulose)	4.0%
5) Kalingradskaya geologodobyvayshaya neftegasovaya ekspeditsya (oil business)	3.1%
6) SPI-RVVK (alcoholic beverages)	3.0%
7) Nemansky tsellylozno-bumazny kombinat (paper)	2.6%
8) Sovetsky tsellylozno-bumazny zavod (cellulose)	2.5%
9) Gazoil (natural gas)	2.3%
10) Akron (fertilisers)	2.2%
Total 10	60.2%

**Total exports**

**\$ 540 million**



# Development of foreign investment

## Foreign investment (in USD millions)

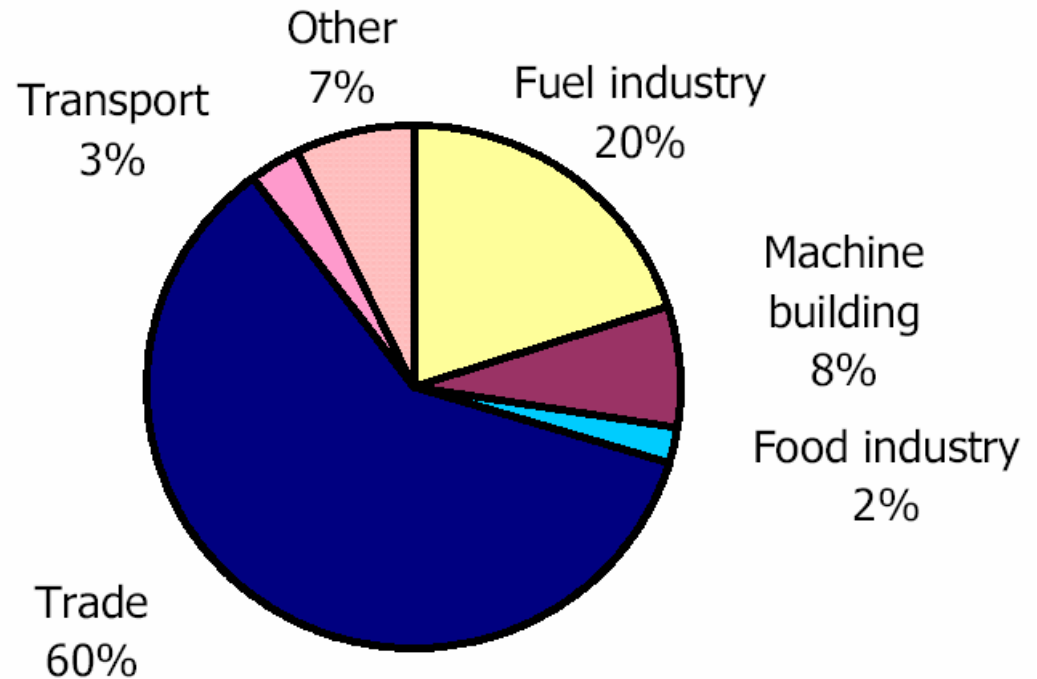
	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>1H2004</i>
Total foreign investment	24.6	47.7	56.2	28.0
<i>of which:</i>				
Direct investment	3.2	5.9	14.0	9.6
Portfolio investment	-	-	-	4.9
Other investments – trade credits and loans	21.3	41.8	42.3	13.5

*Source: Kaliningrad oblkomstat (2004)*



# Division of foreign investment

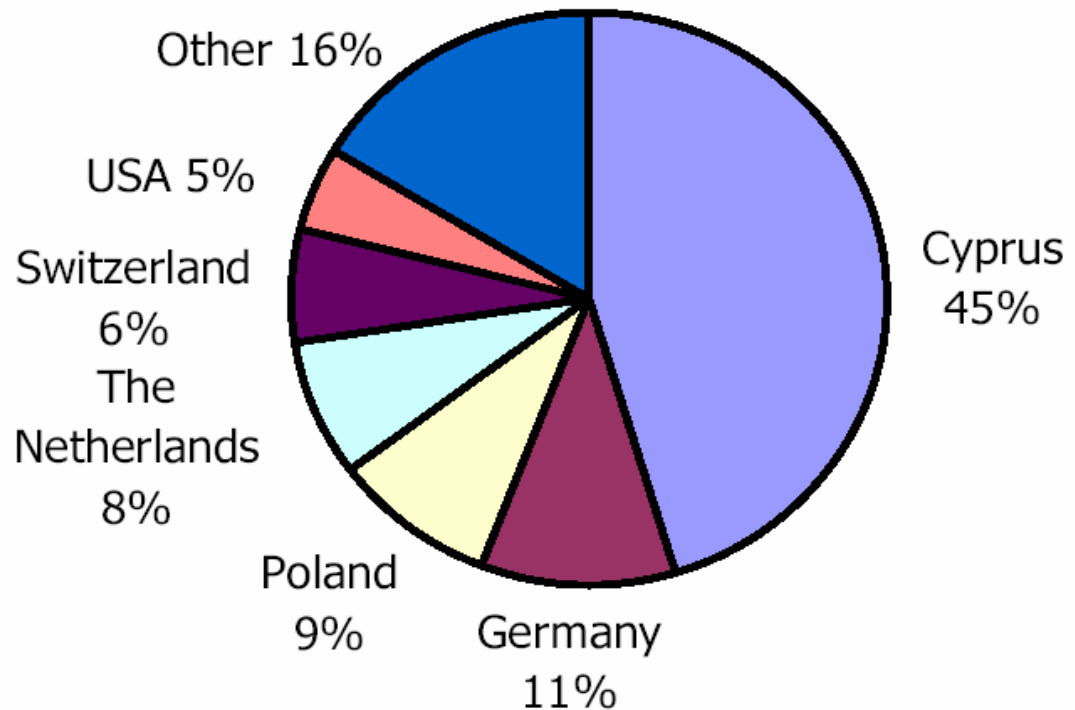
## Foreign investment by sectors in 2003





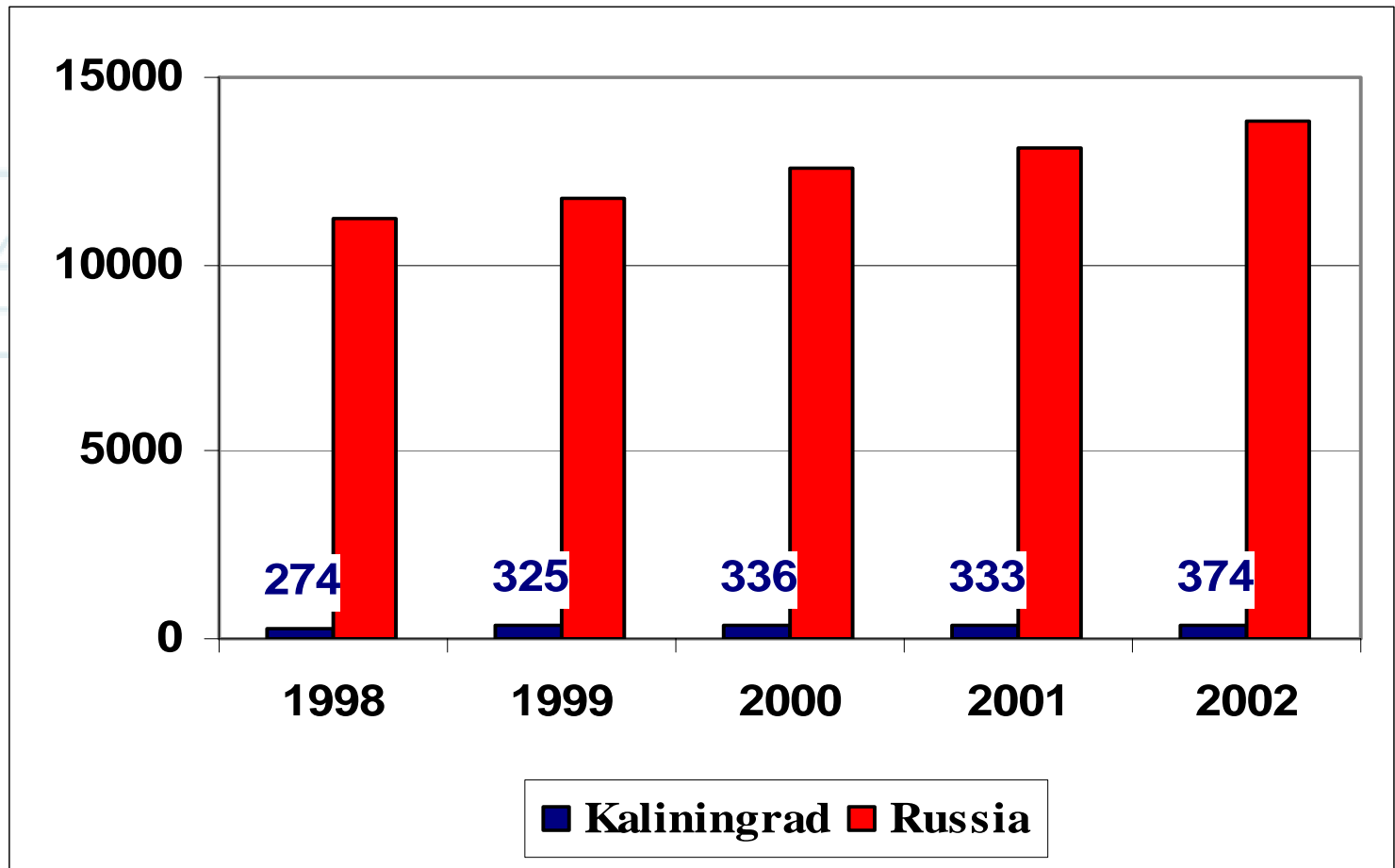
# Main foreign investor countries in Kaliningrad

## Foreign investment by investing countries in 2003



*Source: Kaliningrad oblkostat (2004)*

# Number of companies with foreign capital



# Number of companies with foreign capital

**Table 37. Number of companies with foreign capital 1999-2002**

	1999			2000			2001			2002		
	Total	Finnish	Finnish of total (%)	Total	Finnish	Finnish of total (%)	Total	Finnish	Finnish of total (%)	Total	Finnish	Finnish of total (%)
<b>Central FD</b>	<b>6388</b>	<b>142</b>	<b>2.2</b>	<b>6585</b>	<b>122</b>	<b>1.9</b>	<b>7050</b>	<b>114</b>	<b>1.6</b>	<b>7279</b>	<b>95</b>	<b>1.3</b>
<i>Moscow &amp; Moscow oblast</i>	5739	133	2.3	5849	112	2.1	6318	103	1.6	6438	86	1.3
<b>North-West FD</b>	<b>2366</b>	<b>410</b>	<b>17.3</b>	<b>2789</b>	<b>448</b>	<b>16.1</b>	<b>2911</b>	<b>453</b>	<b>15.6</b>	<b>3177</b>	<b>429</b>	<b>13.5</b>
<i>Karelian Republic</i>	82	39	47.6	79	39	49.4	86	45	52.3	87	43	49.4
<i>Komi Republic</i>	81	3	3.7	82	3	3.7	70	2	1.4	50	1	2.0
<i>Arkhangel oblast</i>	54	4	7.4	60	3	5.0	56	3	5.4	72	4	5.6
<i>Vologda oblast</i>	55	2	3.6	45	4	8.9	42	2	4.8	50	2	4.0
<i>Kaliningrad oblast</i>	325	2	0.6	336	2	0.6	333	2	0.6	374	2	0.5
<i>Leningrad oblast &amp; St. Petersburg</i>	1535	342	22.3	1943	378	19.5	2066	377	18.2	2251	353	15.7
<i>Murmansk oblast</i>	85	13	15.3	85	14	16.5	92	17	18.5	97	19	19.6
<i>Novgorod oblast</i>	69	5	7.2	82	5	6.1	87	5	5.7	91	5	5.4
<i>Pskov oblast</i>	80	-	-	77	-	-	79	-	-	105	-	-
<b>South FD</b>	<b>758</b>	<b>10</b>	<b>1.3</b>	<b>783</b>	<b>9</b>	<b>1.1</b>	<b>787</b>	<b>8</b>	<b>1.0</b>	<b>855</b>	<b>9</b>	<b>1.1</b>
<b>Volga FD</b>	<b>719</b>	<b>14</b>	<b>1.9</b>	<b>737</b>	<b>14</b>	<b>1.9</b>	<b>693</b>	<b>12</b>	<b>1.7</b>	<b>717</b>	<b>15</b>	<b>2.1</b>
<b>Ural FD</b>	<b>452</b>	<b>10</b>	<b>2.2</b>	<b>434</b>	<b>9</b>	<b>2.1</b>	<b>404</b>	<b>9</b>	<b>2.2</b>	<b>463</b>	<b>9</b>	<b>1.9</b>
<b>Siberian FD</b>	<b>509</b>	<b>4</b>	<b>0.8</b>	<b>554</b>	<b>6</b>	<b>1.1</b>	<b>566</b>	<b>7</b>	<b>1.2</b>	<b>589</b>	<b>7</b>	<b>1.2</b>
<b>Far Eastern FD</b>	<b>595</b>	<b>4</b>	<b>0.7</b>	<b>681</b>	<b>4</b>	<b>0.6</b>	<b>693</b>	<b>5</b>	<b>0.7</b>	<b>749</b>	<b>5</b>	<b>0.7</b>
<b>Total in Russia</b>	<b>11787</b>	<b>594</b>	<b>5.0</b>	<b>12563</b>	<b>612</b>	<b>4.9</b>	<b>13104</b>	<b>608</b>	<b>4.6</b>	<b>13829</b>	<b>569</b>	<b>4.1</b>

Source: Goskomstat 2003.



# Kaliningrad Special Economic Zone

- Goods imported to the Special Economic Zone (SEZ) are exempt from import customs duties
- Goods produced in the SEZ and exported outside the SEZ are exempt from export customs duties
  - Goods are regarded as produced in the SEZ if the value-added is at least 15 % for electronics and 30 % for other goods
- Goods produced in the SEZ and exported to main territory of Russian Federation are exempt from import customs duties and not limited by import quotas
- Proceeds from exportation of goods or services are not subjects to the compulsory sales of foreign currency in the Russian forex market
- Streamlined administrative procedures for investors and entrepreneurs
- Tax benefits for companies investing in the SEZ



# Some banks in Kaliningrad

(information may change)

- **Evropejsky - Ul. Kutuzova 39**
- **Investbank – Leninsky prospekt 28**
- **Bin-Kaliningrad (Sberbank filial) - Sq. Vasilevskago, house 2**
- **Kaliningradsky (Alfa-Bank filia) – Sq. Popedy, house 4**
- **Vneshtorgbank filial – Ul. Bolnitsnaya 5**
- **Bank Moskvyy filial – Ul. Telmana, house 39**
- **Hansa Leasing Kaliningrad Ltd. – Ul. Prazhskaya 5**



# More information

(addresses may change)

- [http://www.gov.kaliningrad.ru/en\\_intro.php3](http://www.gov.kaliningrad.ru/en_intro.php3)
- <http://www.klqd.ru/en/>
- <http://www.kaliningrad-rda.org/old/>
- <http://www.kaliningrad.ru/>
- <http://guide.kaliningrad.net/region.php3>
- <http://www.economicmonitoring.com/main/>
- <http://www.tukkk.fi/pei/pub>
- <http://www.inyourpocket.com/russia/kaliningrad/en/>
- <http://www.baltmatours.com/eng/index.html>