

Republic of Tatarstan: Investor Information



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(2005)



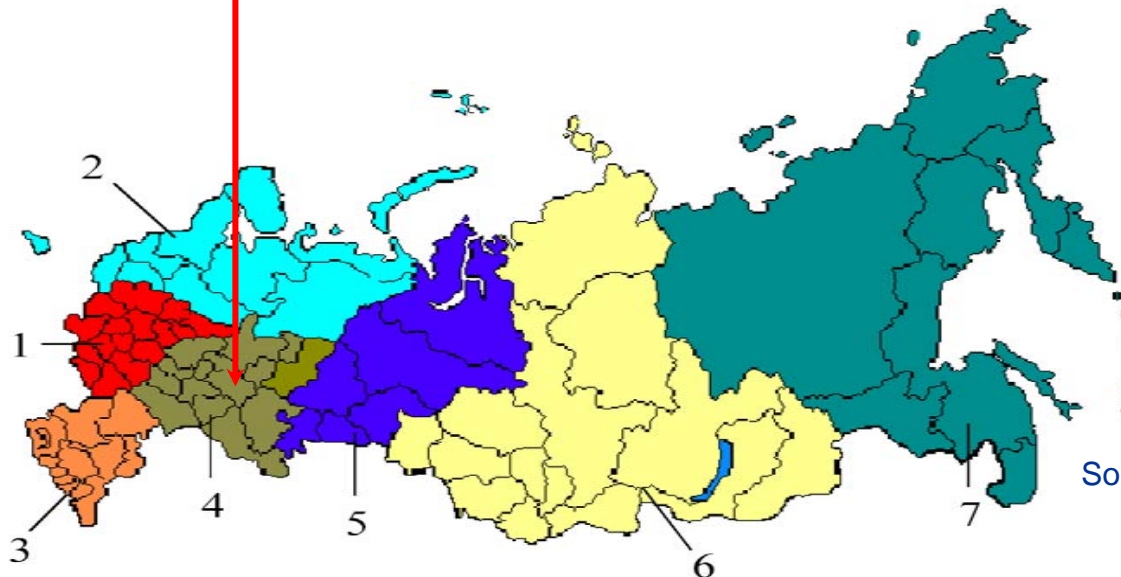
Republic of Tatarstan in Russia

Table 1. Area and population of Russian Federal Districts

Federal District	Area (1000 km ²)	% of total	Population (mil.)	% of total	Population density (person/km ²)	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
Total	17 075	100	145	100	8.5	73.3

Sources: Goskomstat 2003; 2004.

Map 1. Russian Federal Districts



Source: Liuhto, Pelto & Lipponen 2004



Republic of Tatarstan in the Russian economy

Basic facts (of the Russian total) 2003

Area	0.3%
Population	2.6%
GDP	2.7%
Enterprise population	1.8%
Industrial production	3.3%
Retail trade	2.1%
Exports	3.1%
Imports	0.6%
FDI	1.1%



Source: Goskomstat 2004



Tatarstan among Russian regions

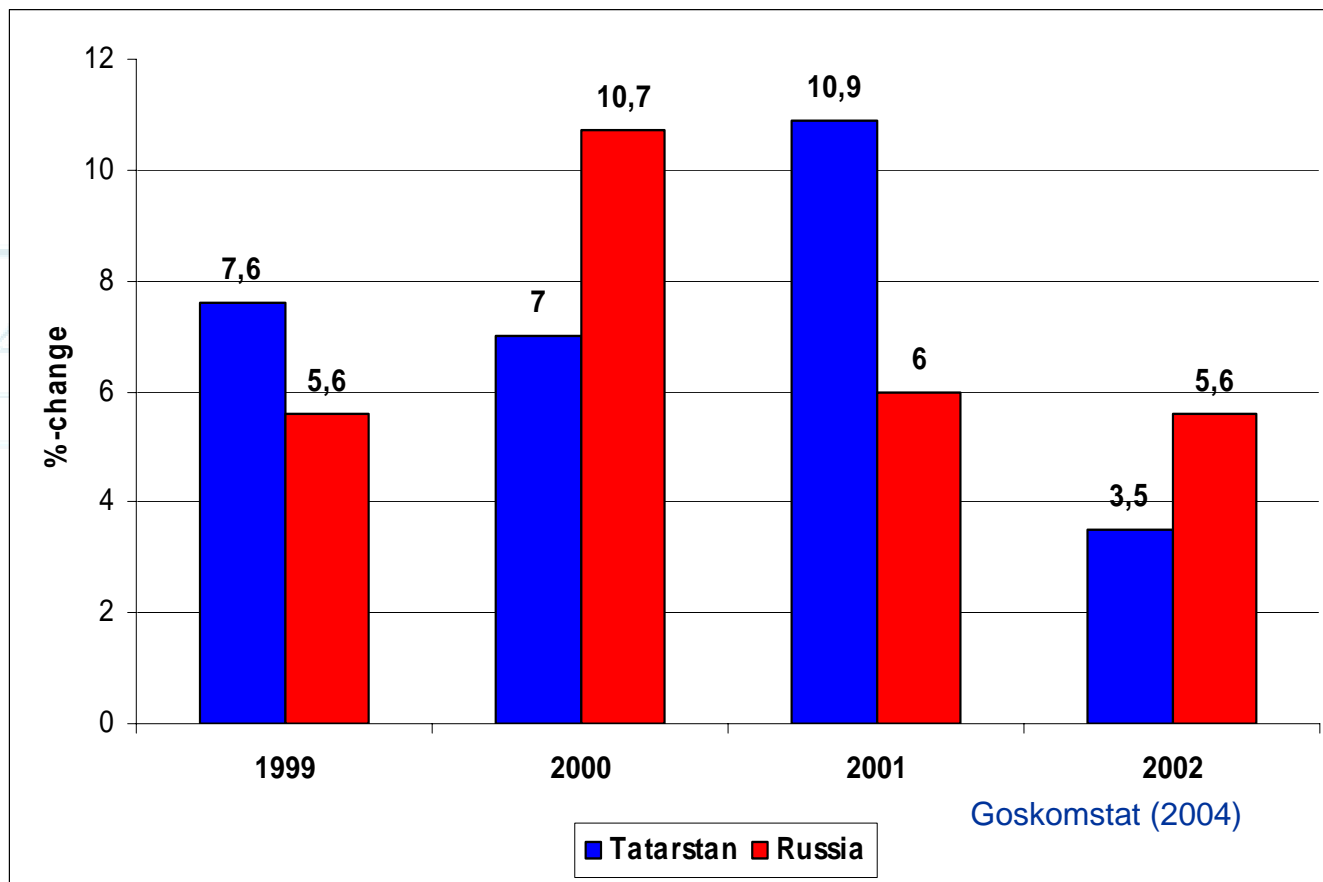
(rating out of 89 regions)

Rating of investment potential 2003-04	9
Change from previous year	+1
Labour potential	10
Consumption potential	9
Production potential	7
Financial potential	8
Institutional potential	7
Innovation potential	10
Infrastructure potential	35
Natural resource potential	34
Rating of investment risk 2003-2004	6
Change from previous year	-1

Source: Expert 2005



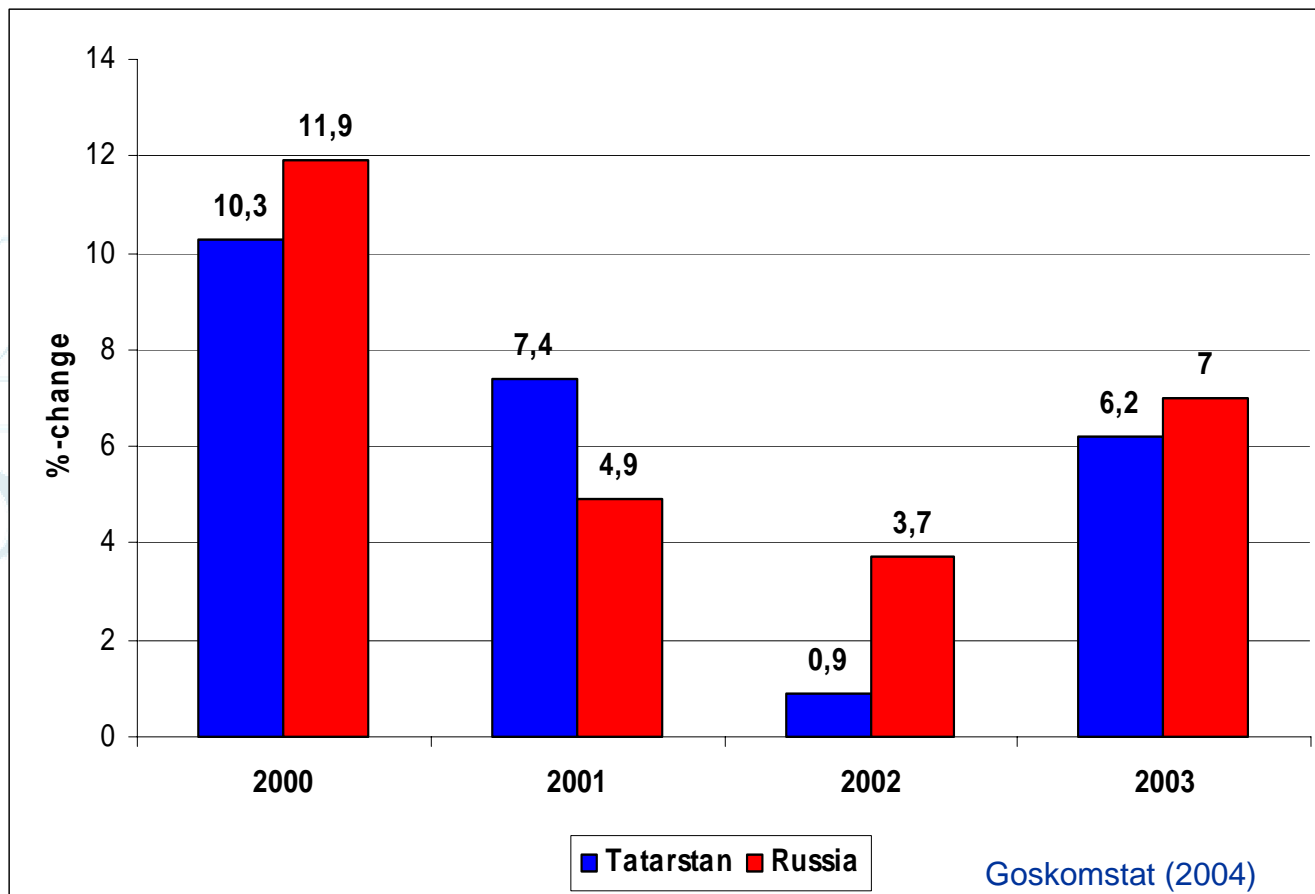
Economic development (y-o-y GDP change)



In 2002 GDP per capita in Tatarstan was 69 629 roubles and in Russia 66 111 roubles



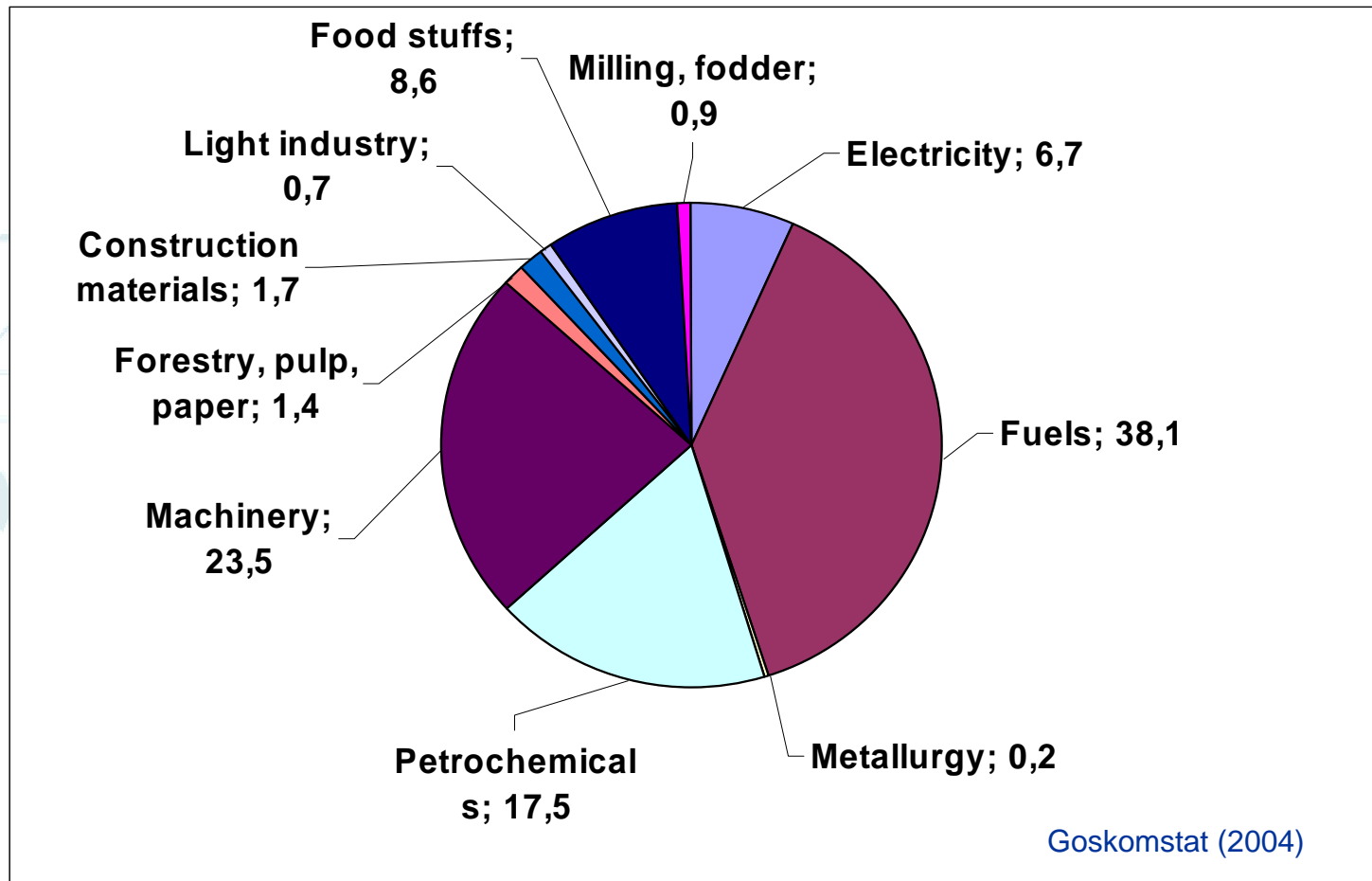
Industrial production (y-o-y %-change)



Value of Tatarstan's total industrial production in 2003: 281 847 million roubles



Structure of industrial production (%-share of total output)





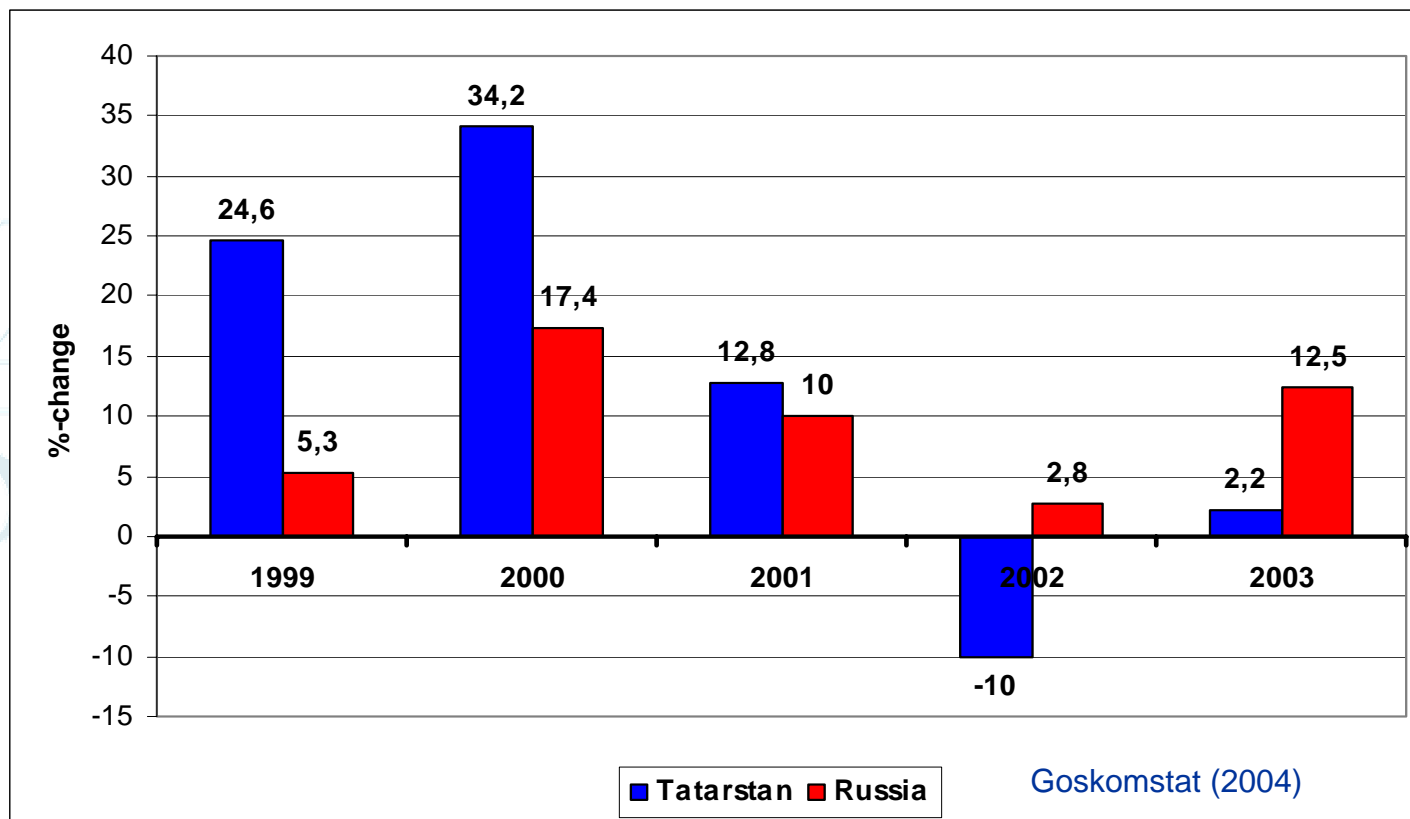
Transport infrastructure

- Highway density: 196 km / 1000 km²
 - Transport volume by road: 99.5 million tons
- Railway density: 128 km / 10 000 km²
 - Transport volume by rail: 13.2 million tons
- Direct flights from Kazan international airport to:
 - Moscow (daily)
 - St. Petersburg (twice a week)
 - Frankfurt (four times a week)



Investments

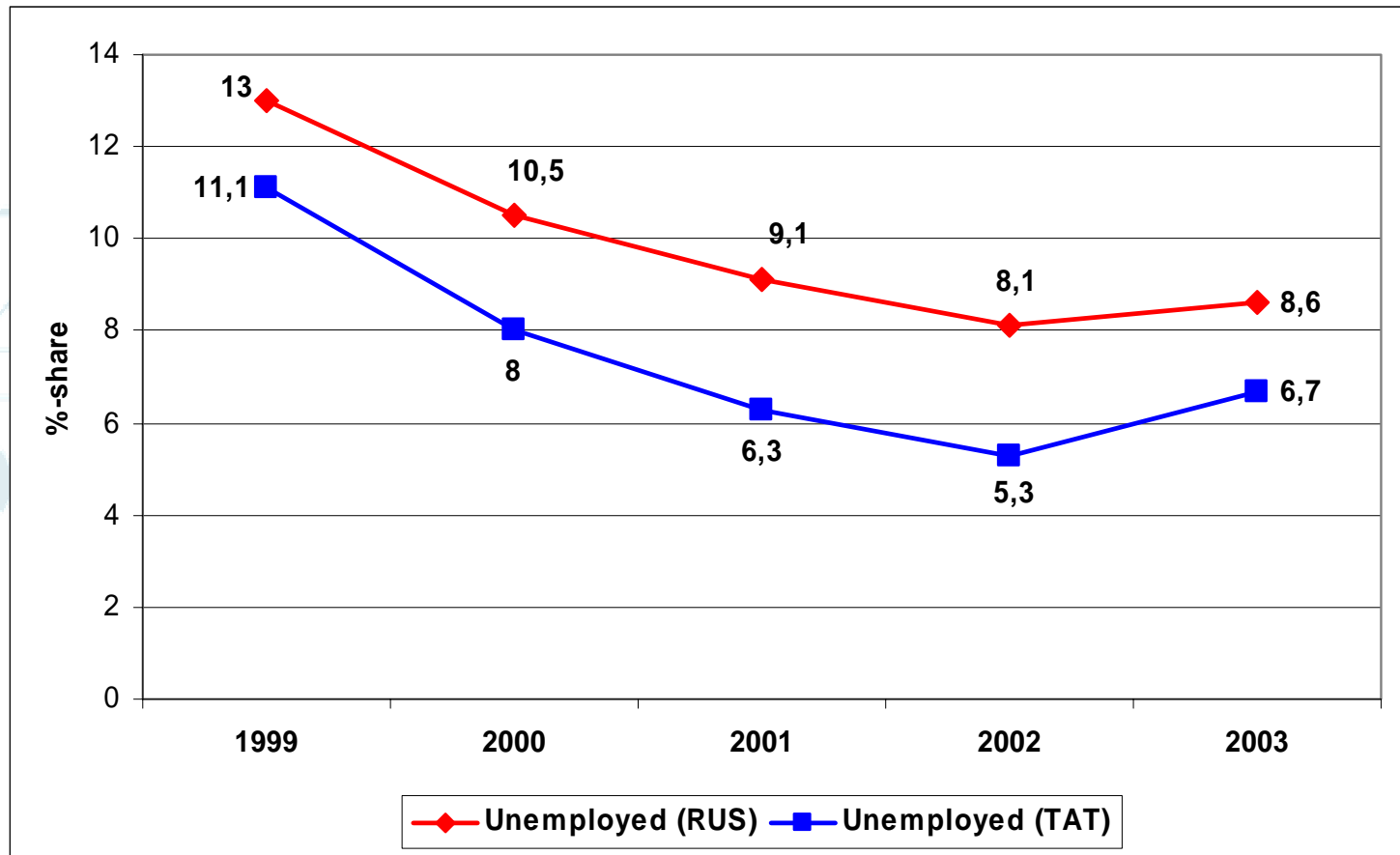
(y-o-y %-change, indexed prices)



Value of Tatarstan's total investments in 2003: 66 388 million roubles

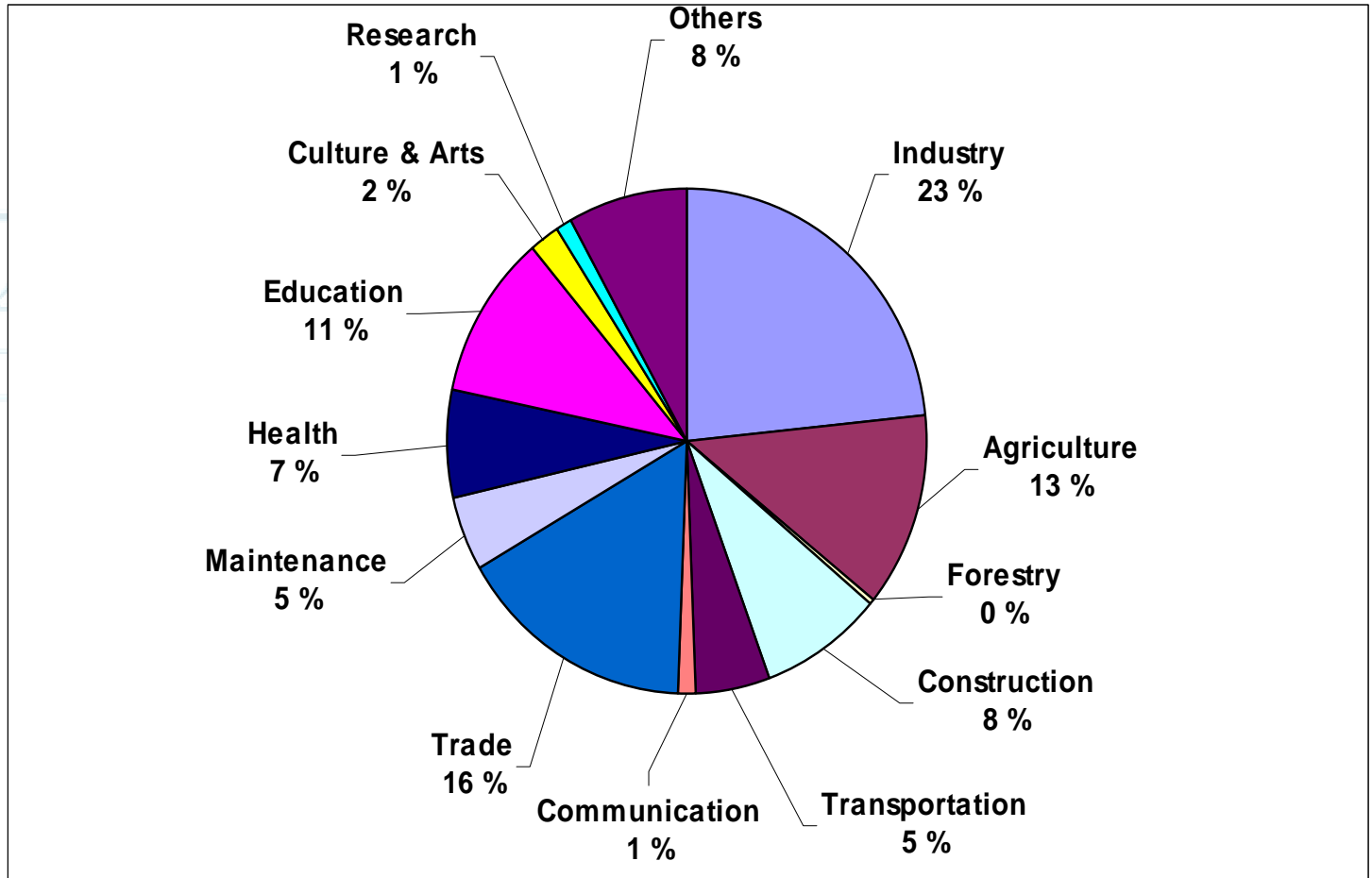


Unemployment (%-share of total workforce)



Goskomstat (2004)

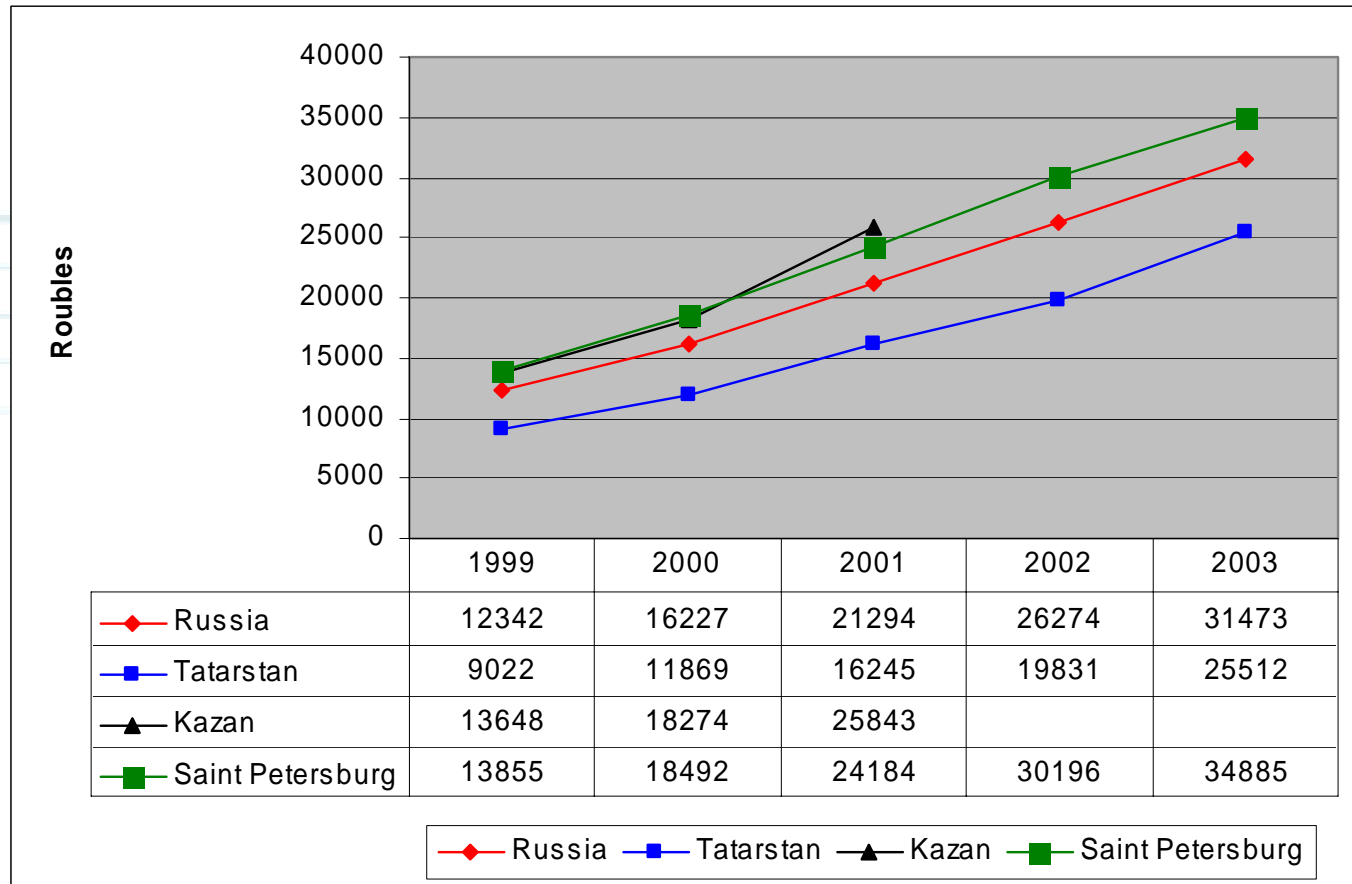
Employment structure (by industry)



Goskomstat (2004)

Retail trade

(Per capita expenditure)

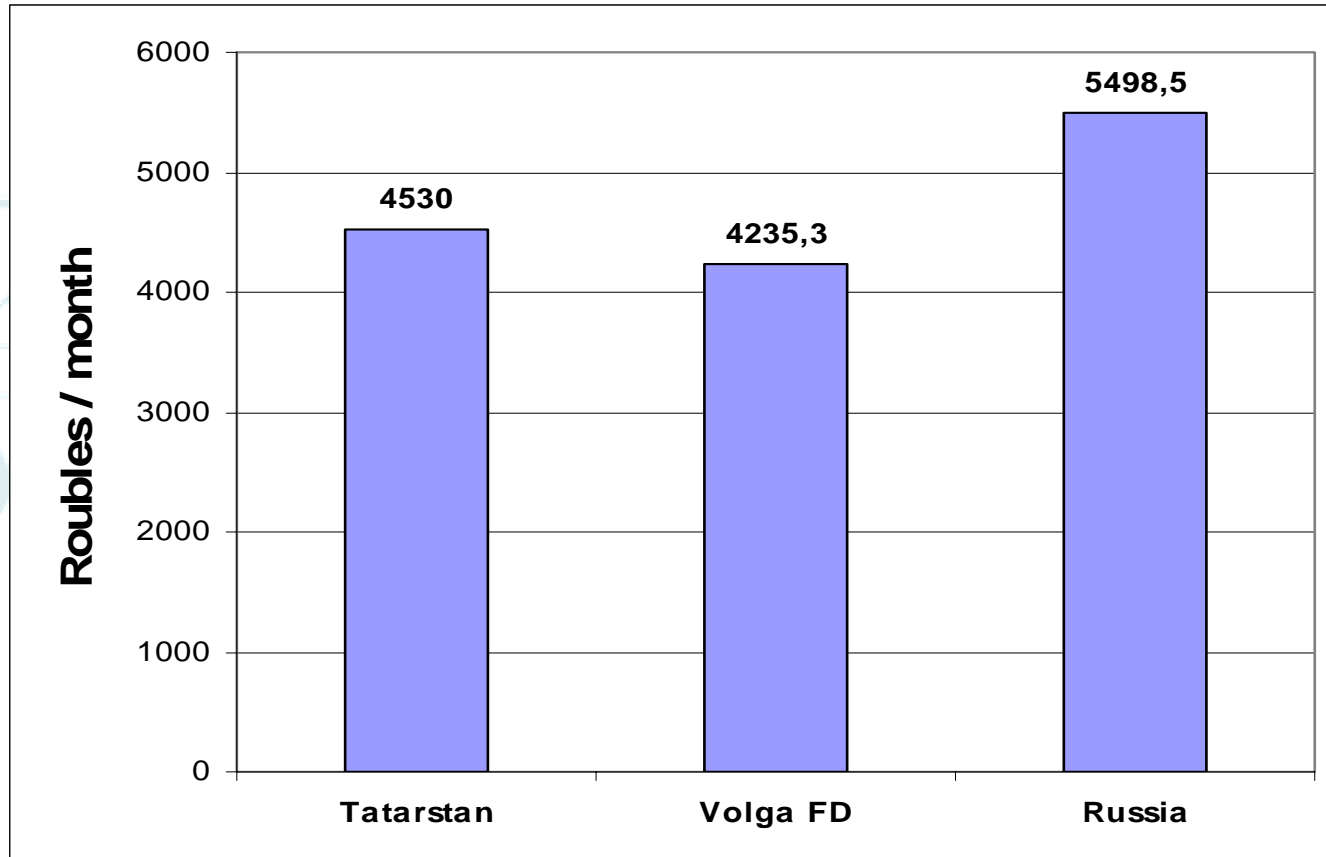


Goskomstat (2004)



Purchasing power

(average nominal wage)

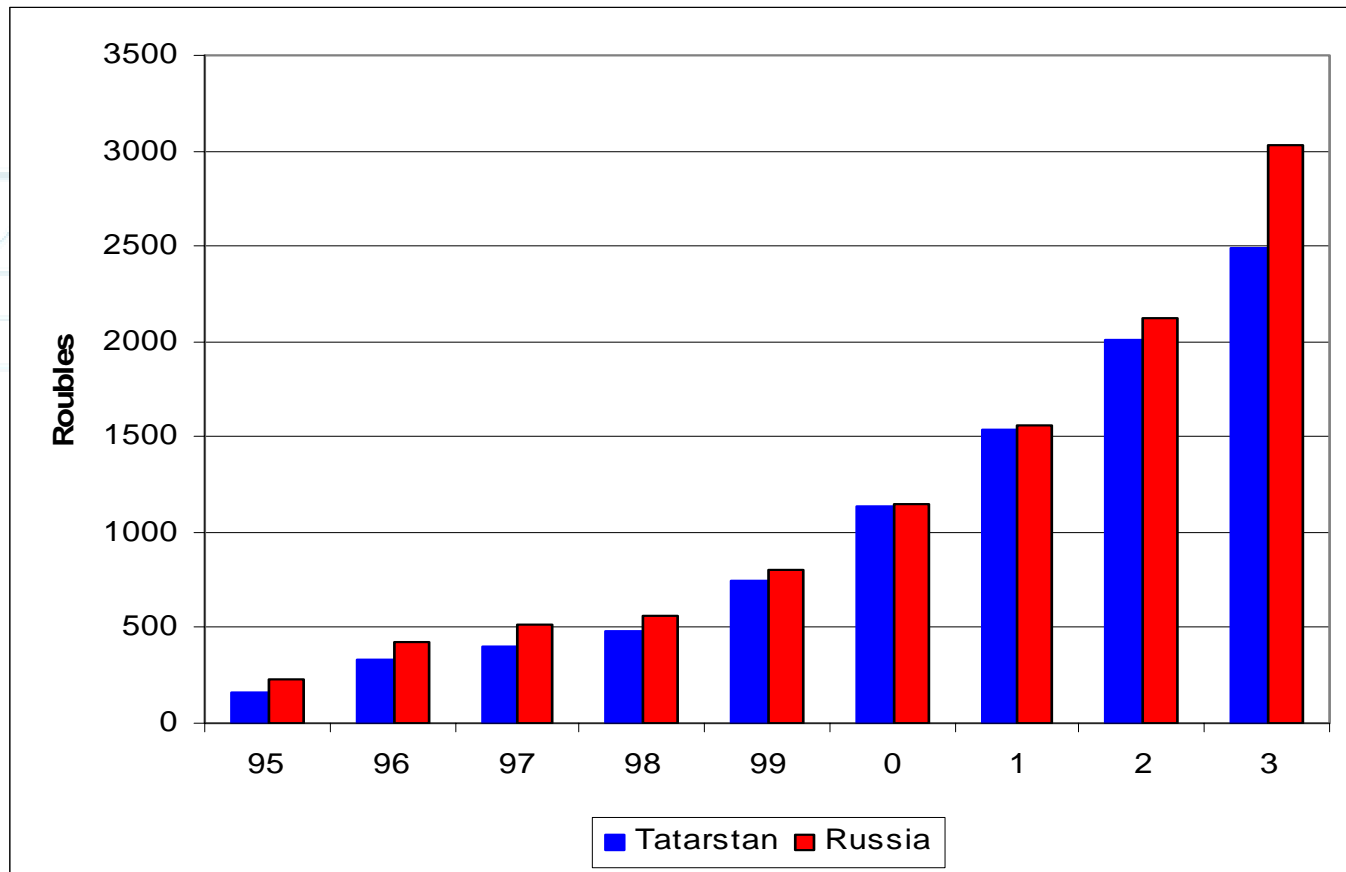


Sources: Goskomstat 2004, PEI 2004



Purchasing power

(balance of deposits in the Savings Bank of Russia)

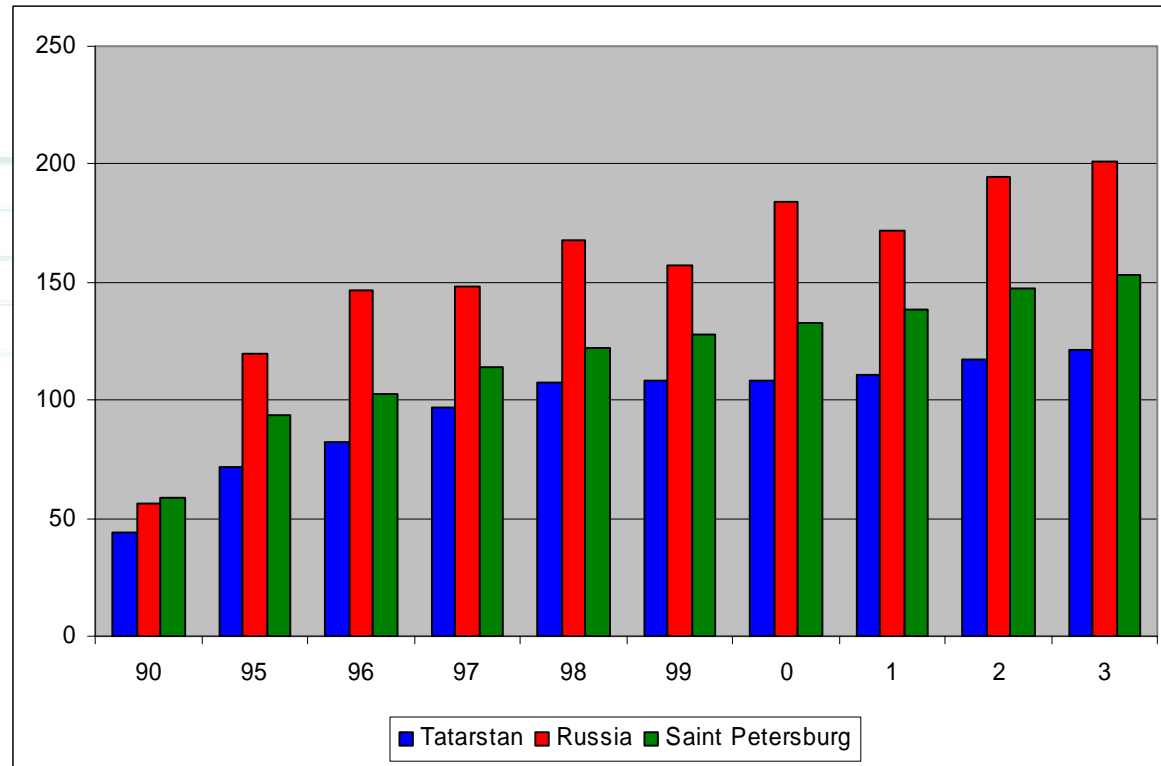


Source: Goskomstat 2004



Consumption and wealth

(number of passenger cars per 1000 persons)

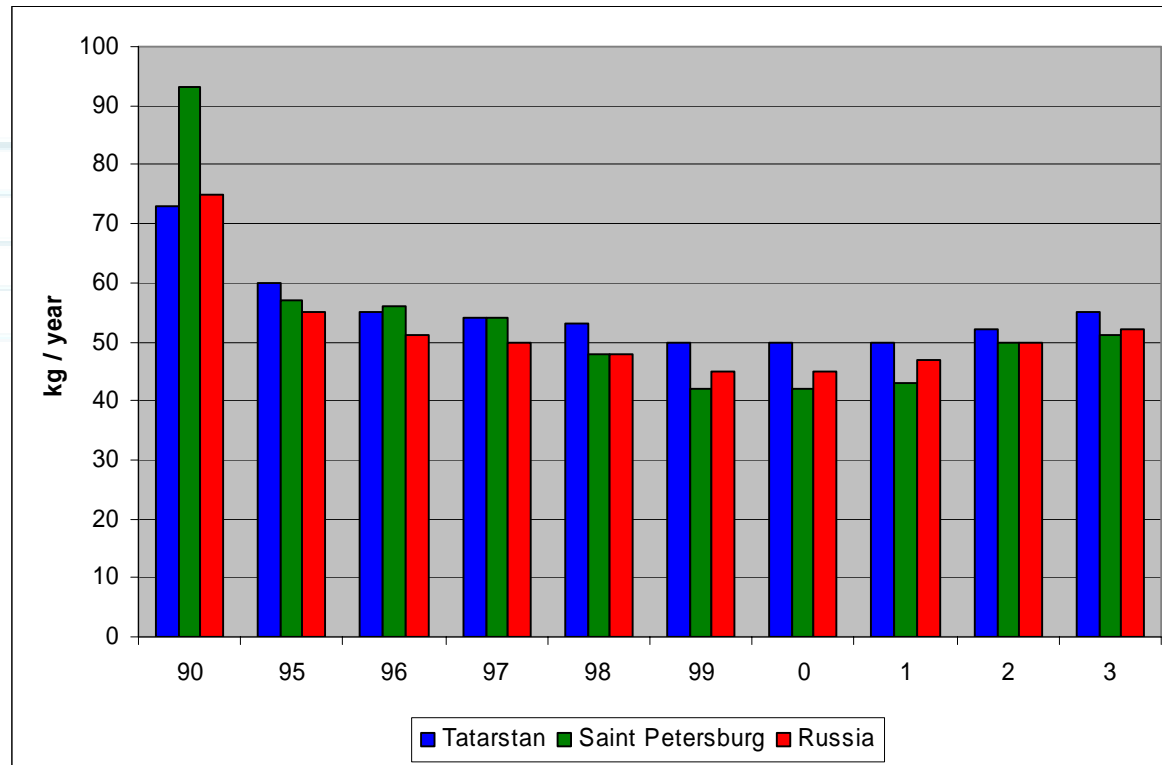


Source: Goskomstat 2004



Consumption and wealth

(meat and meat product consumption)



Source: Goskomstat 2004



10 largest companies in Tatarstan

(By net sales in 2003, billion roubles)

1. Tatneft (116,6) - *Oil and gas*
2. KamAZ (29,3) - *Machine building*
3. Nizhekamskneftekhim (25,0) - *Petrochemical*
4. Tatenergo (17,2) *Electrical energy*
5. Niznekamskshina (10,3) - *Chemical and petrochemical*
6. Kazanorgsintez (8,7) - *Petrochemical*
7. Kazan Helicopter Plant (6,7) - *Machine building*
8. Tatneft-Burenie (4,4) - *Oil and gas*
9. Krasniy Vostok (3,4) - *Foodstuffs*
10. Tatarstan sote (3,4) - *Foodstuffs*

Source: Expert 2004



Company introduction: TATNEFT

- A Tatarstan-based oil company
- 10th largest corporation in Russia
- 7th largest exporter in Russia
- Possesses 5th largest oil reserves among Russian oil companies
- Equity ownership of Tatneft consists of Russians (71,6%), foreigners (23 %) and employees (5,4 %)
- Until now has been a relatively small actor in international business: its international activities mainly rely on export.

Sources: PEI 8/2004, Tatneft 2005



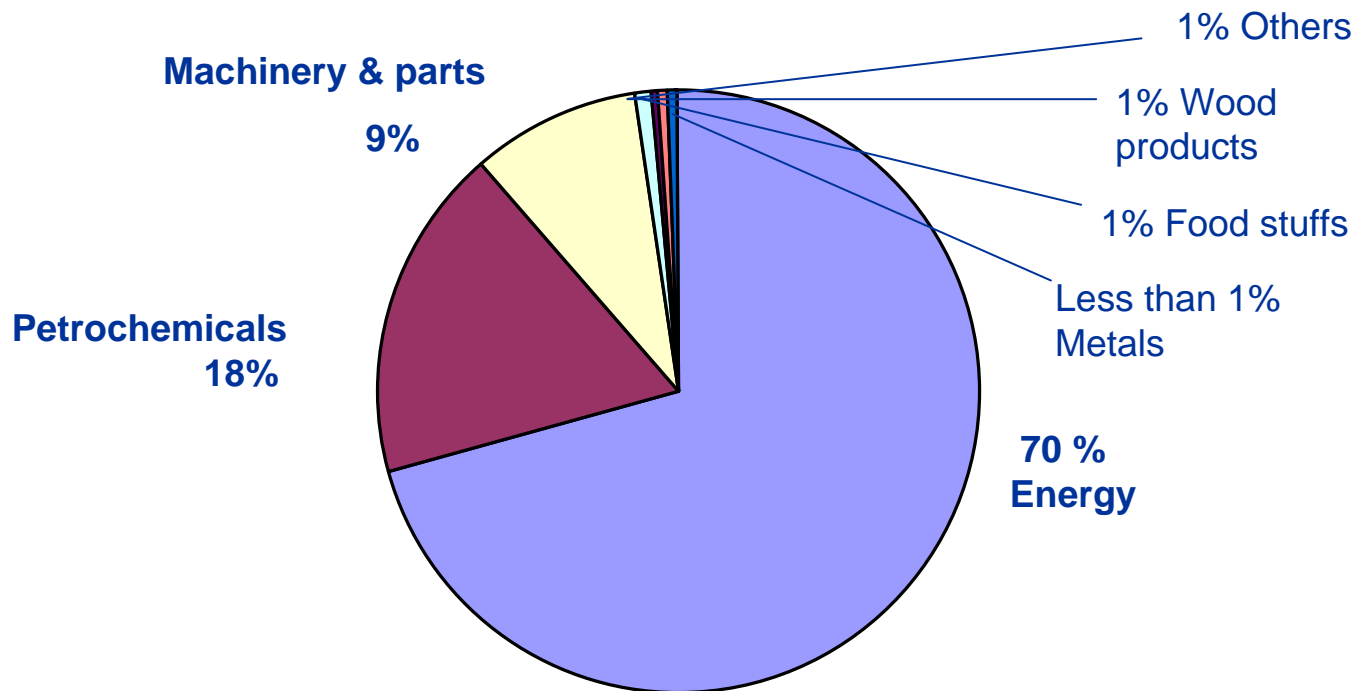
Company introduction: KamAZ

- A Tatarstan-based company that manufactures different heavy-duty vehicles
- KamAZ inc. Group includes 125 different companies
- 29th largest corporation in Russia
- The company manufactures annually 50 000 trucks, 75 000 power units and 12 000 buses
- Among 10 largest world truck manufacturers
- A leader in the Russian truck market, market share around 40 %
- Assembling lines in 6 different countries

Source: KamAZ 2005, PEI 8/2004

Foreign trade structure

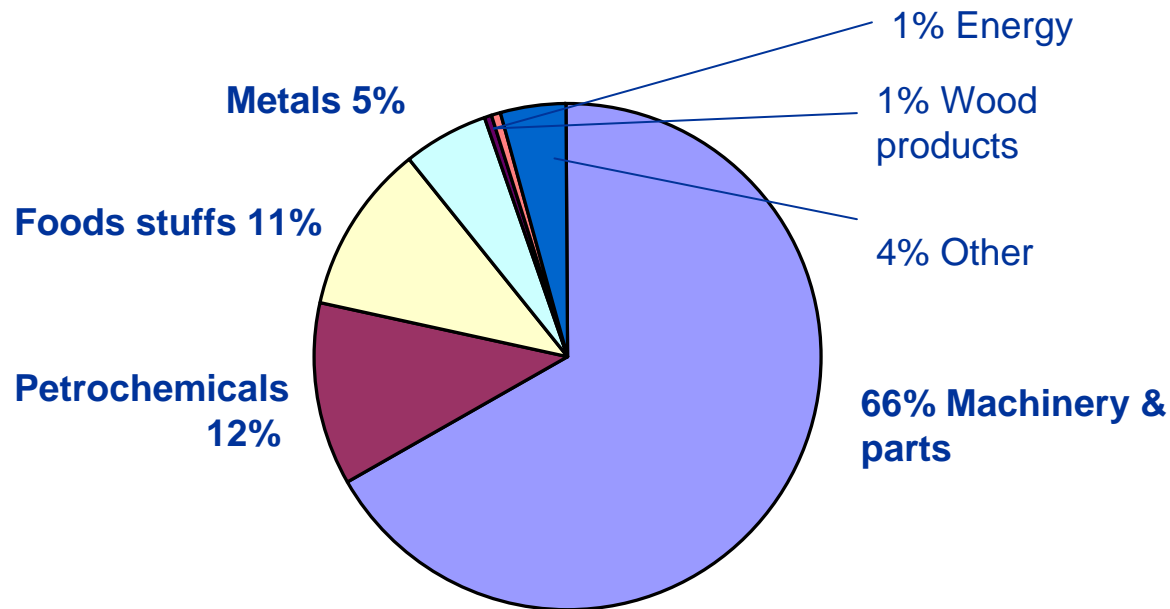
Goods structure of Tatarstan's exports in 2003 (total USD 3673,5 million)



Source: Goskomstat 2004

Foreign trade structure

**Goods structure of Tatarstan's imports in 2003
(total USD 385 million)**



Source: Goskomstat 2004



Development of foreign investment in Tatarstan

Foreign investment (USD million)

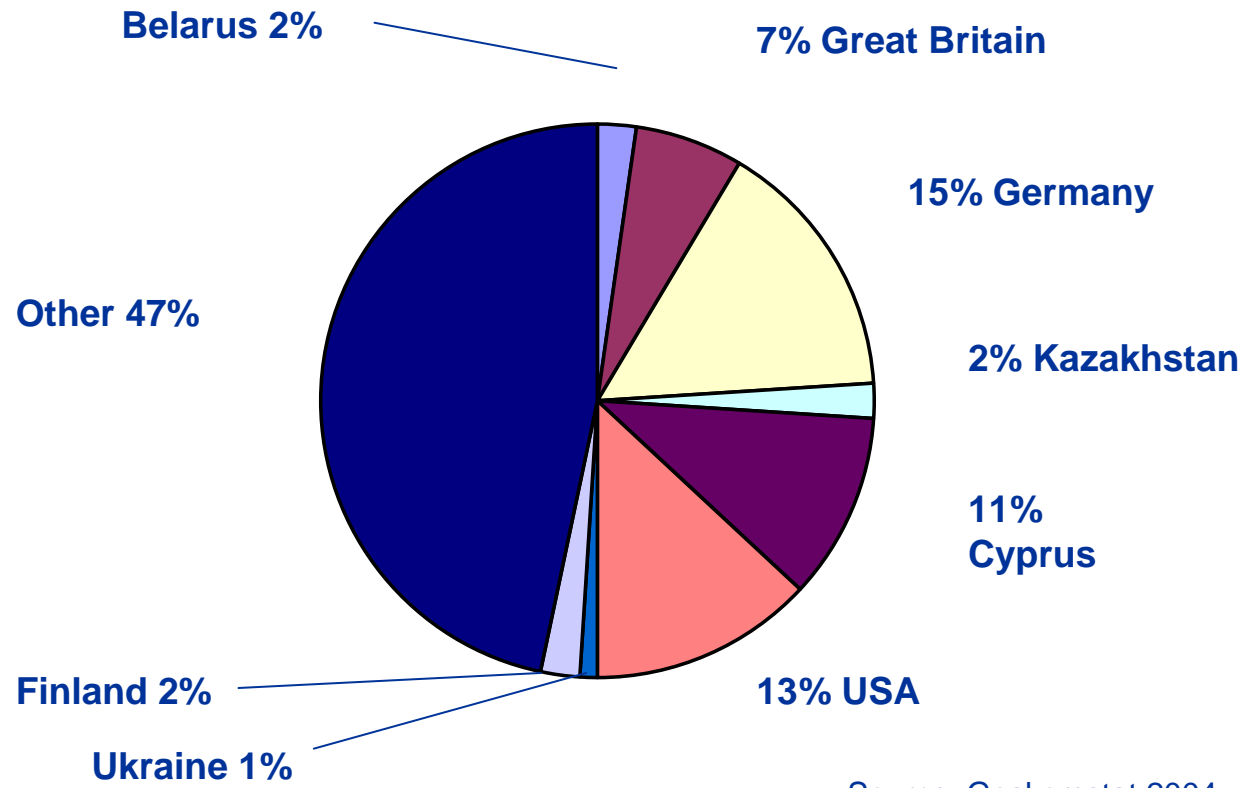
	1999	2000	2001	2002	2003
Total foreign investment <i>of which:</i>	23,0	143,0	651,0	642,5	176,1
Direct investment	4,3	53,7	8,5	2,5	77,1
Portfolio investment	-	-	91,9	0,2	4,8
Other investments	18,7	89,3	550,7	639,8	94,2

Source: Goskomstat 2004



Foreign investor countries in Tatarstan

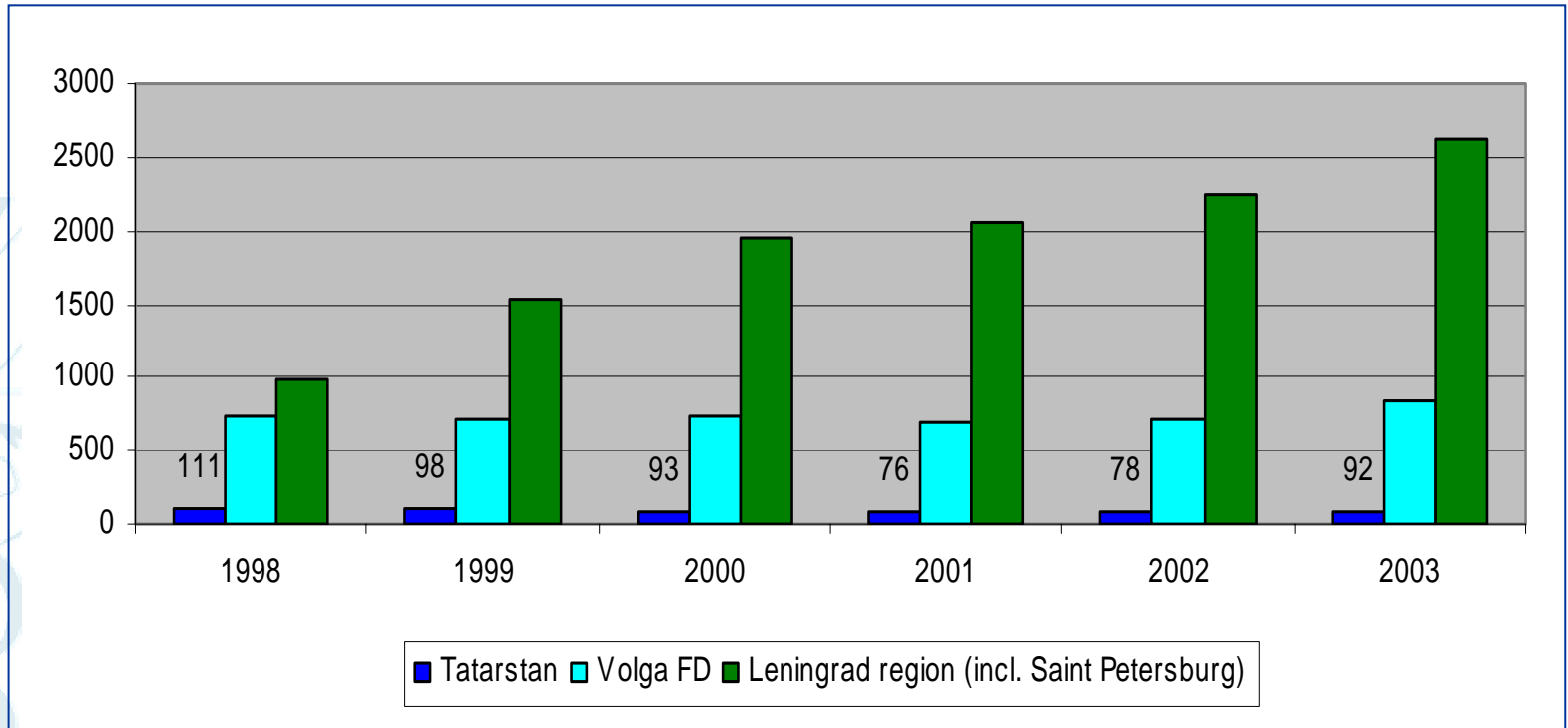
Foreign investment stock by investing countries by the end of 2003



Source: Goskomstat 2004



Number of companies with foreign capital



Source: Goskomstat 2004



Number of companies with foreign capital

	2002			2003		
	Total	Finnish	Finnish of total (%)	Total	Finnish	Finnish of total (%)
Central FD	7279	95	1,3	7670	112	1,5
North-West FD	3177	429	13,5	3580	480	13,4
South FD	855	9	1,1	903	10	1,1
Volga FD	717	15	2,1	832	15	1,8
<i>Tatarstan republic</i>	78	2	2,6	92	2	2,2
Ural FD	463	9	1,9	434	9	2,1
Siberian FD	589	7	1,2	652	9	1,4
Far Eastern FD	749	5	0,7	789	4	0,5
Total in Russia	13829	569	4,1	14860	639	4,3

Source: Goskomstat 2004



Tatarstan special economic zone

- The main purpose of "Alabuga" Free Economic Zone is to
 - Attract investments to establish modern automotive facilities
 - Facilitate manufacturing of import replacing products including those for car making
 - Facilitate creation of export oriented facilities
- Enterprises located at "Alabuga" industrial site are exempted from land tax, property tax, transport tax and pay profit tax 4% less
- Administration offers a range of consultations and services for investors and entrepreneurs
- Government of Republic of Tatarstan grants investment incentives to the enterprises operating at Alabuga

Source: <http://www.alabuga.ru/dip/en/>



Tatarstan special economic zone

- The geographic location of Alabuga in the center of industrial region offers good opportunities for localization of components
- Plant location close to the highway Moscow-Nizhny Novgorod-Kazan-Elabuga-Ufa-Chelyabinsk-Siberia creates favorable conditions for supplies of components and shipments of finished products
- All facilities of power, heat, gas and water supply as well as a basic infrastructure network, including motor and railway roads and communication lines are in operation
- Availability of production buildings with various level of readiness ensures possibility to complete construction of the required project with minimal costs.

Source: <http://www.alabuga.ru/dip/en/>



Useful links

<http://www.tatar.ru/>

http://www.kcn.ru/tat_en/

<http://www.alabuga.ru/dip/en/>