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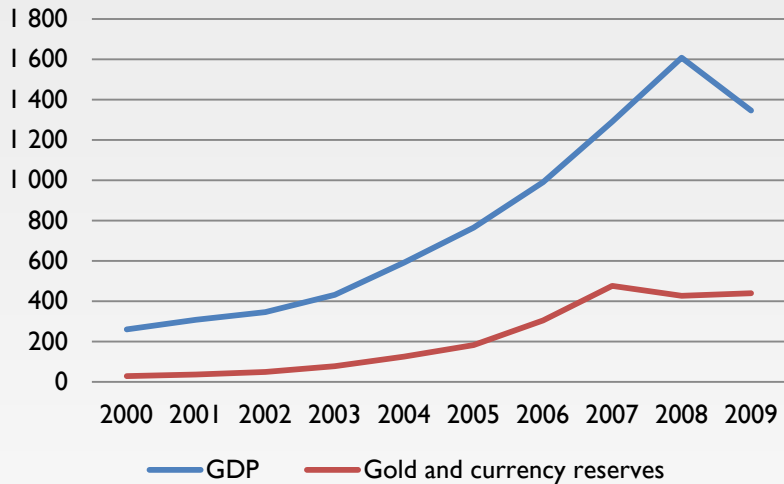
# **RUSSIAN SPECIAL ECONOMIC ZONES**



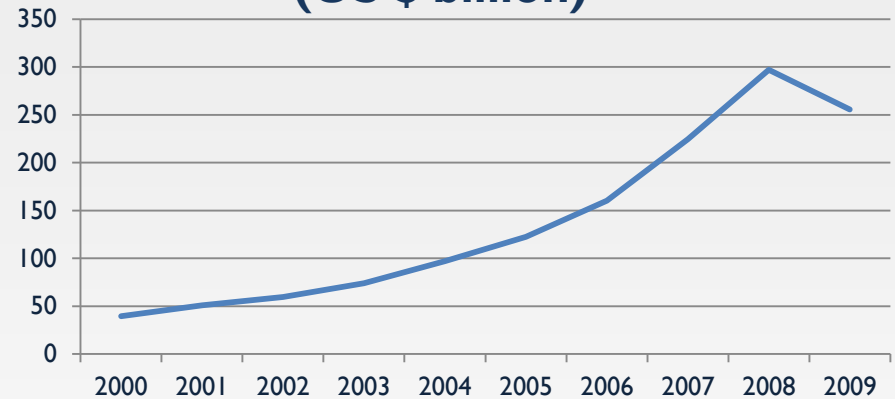
Igor Kosov,  
CEO "Special Economic Zones"  
Tokyo 2010

# Russia – country of significant wealth

**GDP and Gold and currency reserves (current US \$ billion)**



**Capital Expenditure (US \$ billion)**



- Total country area – 17 mln. sqr. kilometers.
- Population – 141 mln. people.
- Leading minerals reserves.
- World's #3 gold and currency reserves (\$ 475.7 bln.)
- Longest electrified railway in the world
- 32% world's gas reserves.
- 23% world's forests.
- 22% world's fresh water reserves.

- Obsolete infrastructure and rolling-stock :
  - lack of modern auto roads
  - average age of aircraft is 20 years +
  - lack of modern locomotives.
- Growing demand for new aircrafts, locomotives, road engineering and machinery.
- Reliable and modern infrastructure – a key condition for Russia's economic integrity.

# Special Economic Zones – successful economic mechanism in Russia

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**Special Economic Zones** – introduced in Russia in 2005 and successfully used since then as a mechanism for:

- Attracting foreign direct investments
- Improving and modernizing the country's infrastructure

In Russia there are 23 special economic zones of four types, including:

- three industrial special economic zones
- four special economic zones for innovation
- 13 special economic zones for tourism and recreation
- three port special economic zones

As of 1 November 2010 – total of 238 investor companies in Russian SEZ with \$ 8 billion of committed investments.



# Russia has been developing transport infrastructure in Port SEZ

## Sovetskaya Gavan port zone

**Total zone area – 450 hectares**

### Focus industries:

- port operations
- transshipment services
- vessel maintenance, repair, overhaul and re-equipment
- processing of seafood



## Ulyanovsk port zone

**Total zone area – 640 hectares**

### Focus industries:

- aircraft maintenance, repair and overhaul
- aircraft re-equipment and conversion
- logistics
- dispatching
- aviation training (pilots)
- manufacturing

## Murmansk port zone

**Formed by decision of Russian government in October 2010**

### Focus industries:

- port operations
- transshipment services
- vessel maintenance, repair, overhaul and re-equipment
- processing of seafood

# There are several successful projects with Japanese partners in Russian SEZ

## ISUZU

(in cooperation with Sollers - leading Russian automotive manufacturer)

- Truck manufacturing in SEZ “Alabuga”
- In November 2007 became resident of Special economic industrial zone
- It took less than a year to launch new production
- Produced more than 6000 trucks



(in cooperation with Itochu)

- Automobile tires manufacturing in SEZ “Lipetsk”
- In January 2009 became resident of Special economic industrial zone
- First production planned on April 2011
- Total project investments – \$ 400 mln.

**Nomura Research Institute** currently developing the concept for the Sovetskaya Gavan port SEZ in the Far East of Russia.

# Contacts

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**JSC «Special Economic Zones»**  
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# Appendix: "Khabarovsk" Special Economic Port Zone

## Location

The Sovetskaya Gavan SEZ occupies about 8 km of the eastern shore of the Sovetskaya Gavan Gulf.

## Developed infrastructure

Substantial state funding of infrastructure development and direct access to engineering infrastructure, including water-supply, electricity, heating, sewage, Internet.

## Tips for investors

- The only natural hideaway for vessels in the Tatarsky strait, irrespective of the wind direction
- Location close to global trade lines
- Easy access to the Baykal-Amur Railroad - transshipment point of East-West Transit Corridor - Russia's transport strategy key element
- Access to more than 1000 km shortened transit route from Western Russia through Siberia to the US and Canadian Pacific
- Opportunity of benefiting from development of coast engineering
- Existing quayside is 12 meters deep and able to host vessels with 50 000 tones deadweight
- Future development of port infrastructure will allow to host vessels with 300 000 tones deadweight
- Benefit of Asian – pacific region rapid development
- Creation of seafood processing industries with a turnover not less than 25 thousand tons per year
- Link to fast growing Khabarovsk region



# Appendix: "Ulyanovsk " Special Economic Port Zone

## Location

Ulyanovsk SEZ is located in the European part of Russia in Ulyanovsk city 875 km from Moscow.

## Developed infrastructure

Substantial state funding of infrastructure development and direct access to engineering infrastructure, including water-supply, electricity, heating, sewage, Internet.

## Tips for investors

- Access to 19% of world air traffic routes, which are concentrated at 1,5 hour flight distance
- Relatively cheap skilled labour force (wage level is up to 7 times lower than in EU)
- Access to the market of large international-made aircraft MRO services hardly available in Russia
- Link to advanced air transport infrastructure: 2 airports - of Ulyanovsk-Vostochny and Ulyanovsk-Centralny. Both airports can accommodate aircrafts of all types and can operate regular international flights
- Access to aeronautical technologies and qualified human resources (Ulyanovsk Technological Centre Branch of Russian Institute of Aeronautical materials)
- Existing aircraft component production cluster
- World's second longest public use runway
- Proximity to major European carrier's route to Asian MRO facilities
- Location in the Centre of the European part of Russia

