

# *Guide to Investment* Republic of Tatarstan



2015



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This Guide to Investment has been prepared jointly with the Tatarstan Investment Development Agency and Tatarstan's Ministry of Economics.

This publication contains information as of September 2015.



## Welcome address by the President of the Republic of Tatarstan Rustam Minnikhanov

**Dear partners,**

The Republic of Tatarstan is rapidly growing region of the Russian Federation.

Our long-term targeted economic policy has helped Tatarstan to create favourable conditions for investors to conduct successful business.

Many well-known international brands have already selected Tatarstan as a hub for their operations, including Ford Sollers, Air Liquide, Rockwool, Marriot, Sisecam, Hayat Group, Daimler, Fujitsu, Kastamonu, Haier, Wienerberger, 3M, and others.

Legal guarantees, social, economic and political stability, and a tested system to support investment ensure the most comfortable conditions for businesses.

The Republic of Tatarstan has well-developed infrastructure for investment. For instance, the two special economic zones (SEZs) operating in Tatarstan are SEZ Alabuga for industry and manufacturing and Innopolis for technical implementation where various technical parks and industrial sites are already in rapid development. These include KIP Master, Khimgrad Technopolis, IT Park High-Technology Park, and Idea Technopark, as well as various engineering centres and accredited municipal industrial sites.

Another competitive strength of Tatarstan is its advantageous geographical location, as it is positioned at the meeting point of transport arteries connecting Europe and Asia. The Moscow-Kazan high-speed railway will be laid here and become a part of the “New Silk Road”.

Our republic has repeatedly been home to high-level global and Russian events, including economic forums, summits, and meetings of intergovernmental commissions. We have held and plan to host major global sporting events. In 2013, Tatarstan welcomed participants and guests of the World Summer

Universiade. In 2015, the republic hosted the World Aquatics Championship. In 2018, Tatarstan will be home to the FIFA World Cup.

In 2011, a special intergovernmental body was set up - the Tatarstan Investment Development Agency (TIDA). Its goal is to promote Tatarstan globally in order to attract investment, as well as provide support to investment projects on a “one-stop-shop” basis.

Ensuring favourable an investment climate and providing support to business projects are the constant priorities of our economic policy. This is also spelled out in the strategy for the social and economic development of the Republic of Tatarstan up until 2030.

The Republic of Tatarstan is always pleased to welcome new business partners and will continue to foster the conditions necessary for the successful implementation of your projects!

**Rustam Minnikhanov**  
President of the Republic of Tatarstan



## PwC introductory remarks by Igor Lotakov

**Dear friends,**

We are delighted to present you with the Investment Guide for the Republic of Tatarstan. This region shows high performance year-on-year and is among Russia's leading constituents in terms of economic growth and ease of doing business. Tatarstan benefits from its skilled labour, rich natural resources and unique position at the hub of major transport routes.

An important factor that makes Tatarstan attractive to investors is its government's work aimed at simplifying relations between international and Russian investors. This is the place where the special economic zones (SEZ) Alabuga and Innopolis have been created, where more and more technoparks and business incubators are opening and various business support arrangements are being implemented. We should also mention the contribution of the Tatarstan Investment Development Agency (TIDA), which is a one-stop shop for potential investors and also provides all sorts of support for project implementation.

Furthermore, Tatarstan regularly conducts and hosts global sporting, cultural and political events such as international KAZANSUMMIT, XXVII Summer World Student Games (Universiade 2013), 2015 World Aquatics Championship, WorldSkills Russia National Tournament and some of the 2018 World Cup matches, etc. These activities make Tatarstan known internationally and the excellent organisation of such events helps to build a positive image of the region.

We prepared this Investment Guide together with Tatarstan Investment Development Agency and Tatarstan's Ministry of Economics and based on the materials they provided.

We are also confident that this overview will be a useful resource for potential investors and assist them in making an assessment of Tatarstan's potential for economic growth and the advantages of doing business in this region, as well as going ahead with the most challenging investment initiatives.

**Igor Lotakov**  
Country Managing Partner  
PwC Russia



## Tatarstan Investment Development Agency (TIDA)

Ladies and gentlemen,

Tatarstan is a unique and cutting edge region of Russia. Tatarstan is a leader in the national investment climate rating for Russia's regions in 2015.

Today we are able to compete on the global market. Innovations, high-tech production, qualified experts, developed infrastructure, a wide offering of tax preferences and an encouraging business climate are our competitive advantages.

Cooperation with Tatarstan is profitable and pleasant. You are invited to come and see it with your own eyes!

The republic has created a special government body working on a "one-stop-shop" basis, the Tatarstan Investment Development Agency (TIDA). The Agency was founded in 2011 to support, assist and implement investment projects so that investors can feel both confident and comfortable as our long-term partners. And this has been a stunning success.

We have investment projects with various countries, and for many years already, we have worked with such leading foreign investors.

Tatarstan has well-developed operational investment infrastructure. This means that investors can obtain a full package of benefits for various projects, including land plots with ready-made engineering infrastructure and free connections to gas, heat, electricity and other resource networks. For residents, there is zero tax on land, property and transport for a period of 10 years from the moment when first profit is generated.

Tatarstan also provides access to an extensive consumer base throughout Russia. Seven of Russia and the Volga Region's biggest cities are within 1,000 km distance to us and, as a result, you can offer your products and services to nearly half of the country's population.

Our main focus is partnerships that are both long-term and reliable.

*Invest in Tatarstan!*

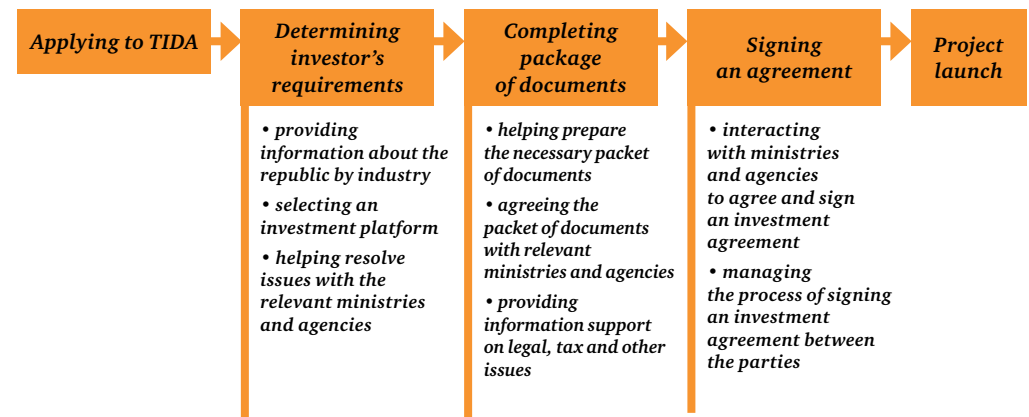
**Taliya Minullina**  
Head of the Tatarstan Investment Development Agency, Member of the Government of the Republic of Tatarstan, Chairperson of the Board of Directors, Tatarstan Export Corporation and Tatarstan Development Corporation

**Tatarstan Investment Development Agency (TIDA) was established on 1 June 2011.**

The Agency's investment policy objectives are:

- promoting Tatarstan at the global level as a Russian region offering attractive investment opportunities;
- attracting investment to the republic, including through creating the necessary investment infrastructure;
- participating in developing and maintaining investment projects, including PPP-based projects, as a successful mechanism for working with investors.

The Agency works with investors on a "one-stop-shop" principle.



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**Tatarstan's Investment Development Agency is a member of the World Association of Investment Promotion Agencies (WAIPA).**



## General information on Tatarstan

### Brief information

- Tatarstan is located in the centre of a large industrial region, 800 km east of Moscow, at the meeting of the Volga and Kama rivers.
- Total territory: 67,836.2 sq. km
- Population: 3.8 million people
- Length of territory: Tatarstan stretches 290 km from North to South and 460 km from West to East
- Climate: moderate continental
- Official languages: Tatar and Russian
- Main religions: Islam and Orthodox Christianity
- Percentage of residents living in urban areas: 75.4%
- Capital: Kazan (area: 614.2 sq. km; population: 1.161 million people)

### Tatarstan's leadership

Traditionally, the Republic of Tatarstan is among Russia's leading regions in terms of the key macroeconomic indicators.

In 2014, the republic ranked **seventh** for regional gross domestic product, **third** for agricultural production, **fifth** for manufacturing and capital expenditures, **sixth** for construction and **eighth** for new housing supply and retail turnover.

In 2015, the Republic of Tatarstan took **first place** in the national rating of investment climate in the regions of Russian Federation, developed by ANO "Agency of strategic initiatives on promotion of new projects". The effectiveness of Tatarstan's investment policy is supported by research performed by leading international agencies and companies. Over recent years, Tatarstan has consistently been a leader among the Volga Federal District regions for its minimum investment risk, according to Expert RA rating agency.

Kazan was recognised as the best municipality in Russia based on the results of the VI nation-wide competition of municipal entities. In addition, Kazan was included in the Top-10 business-friendly cities by Forbes magazine.

On 30 August 2005, Kazan marked its 1,000th anniversary.

Since April 2009, Kazan has had a right to be officially named the Third Capital of Russia.

## Republic of Tatarstan

### Tatarstan's natural resources

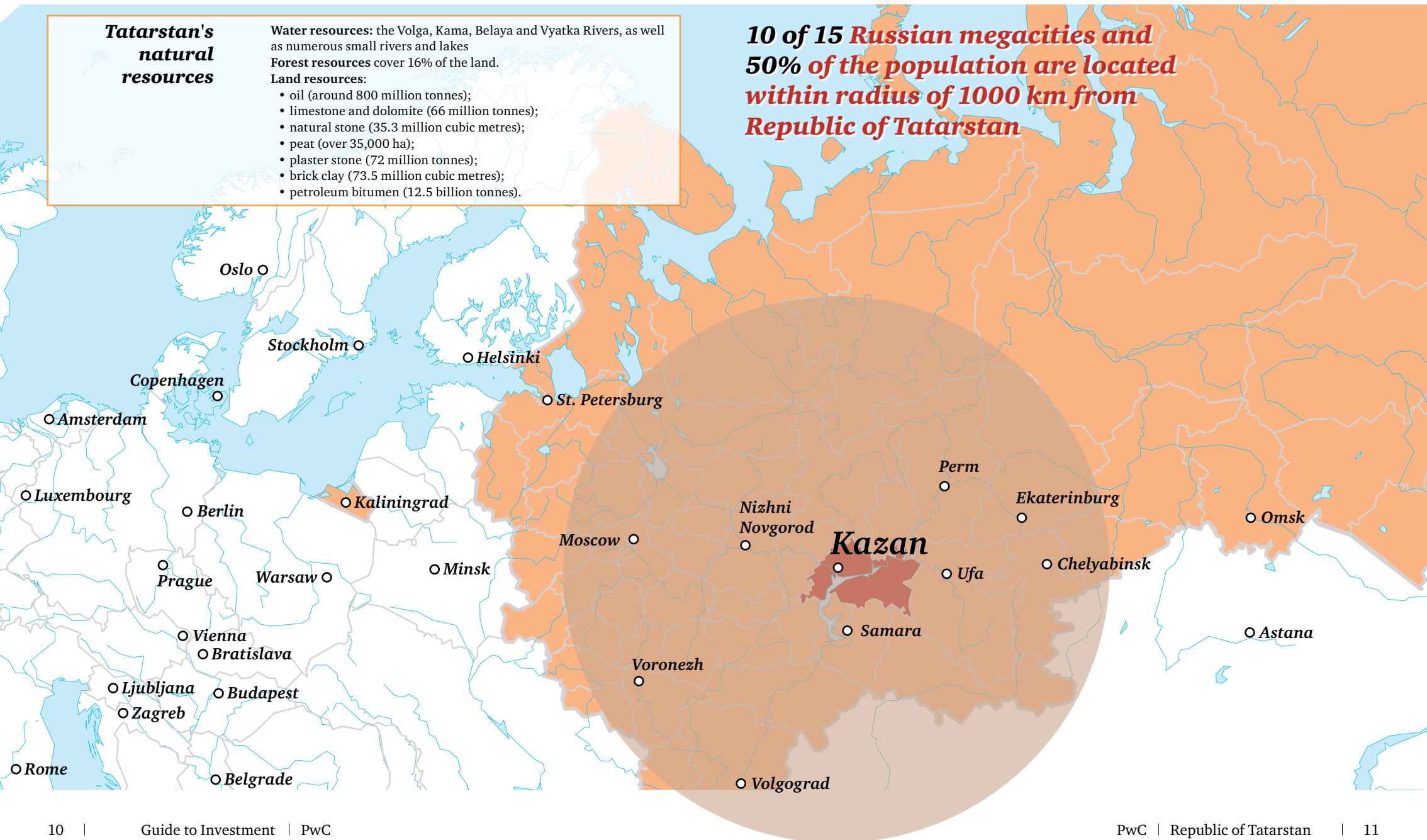
Water resources: the Volga, Kama, Belaya and Vyatka Rivers, as well as numerous small rivers and lakes

Forest resources cover 16% of the land.

Land resources:

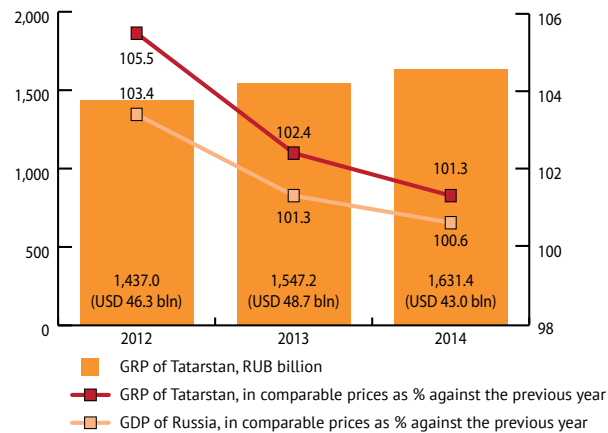
- oil (around 800 million tonnes);
- limestone and dolomite (66 million tonnes);
- natural stone (35.3 million cubic metres);
- peat (over 35,000 ha);
- plaster stone (72 million tonnes);
- brick clay (73.5 million cubic metres);
- petroleum bitumen (12.5 billion tonnes).

**10 of 15 Russian megacities and 50% of the population are located within radius of 1000 km from Republic of Tatarstan**

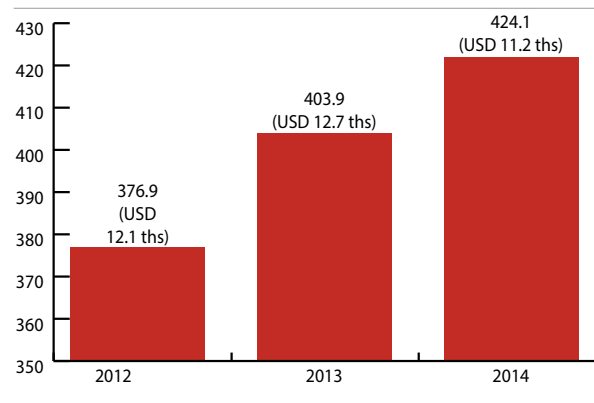


# Economic and investment potential of the Republic of Tatarstan

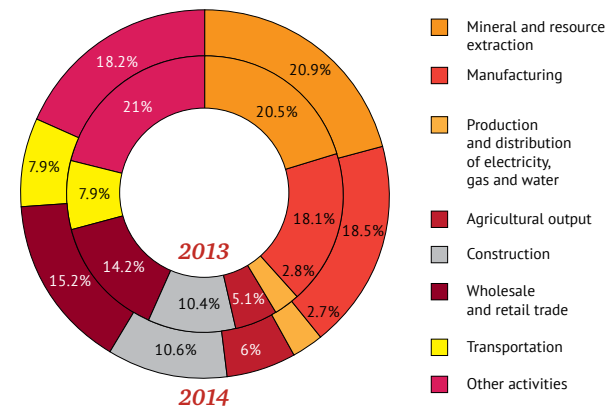
**GDP of Russian Federation and GRP of Tatarstan**



**GRP of Tatarstan per capita, RUB thousand**



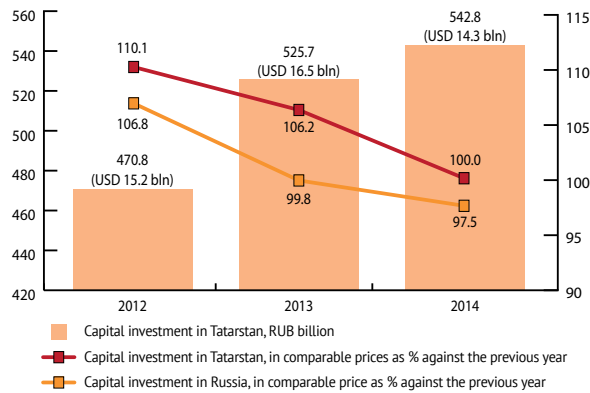
**GRP production structure of Tatarstan by field of business**



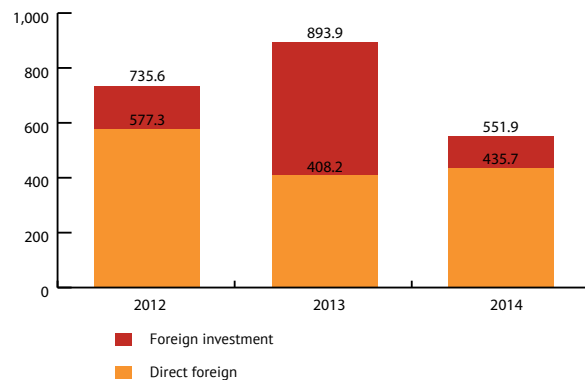
## Capital investments

In 2014, total capital investments in Tatarstan's economy and social sphere came to RUB 542.8 billion (USD 14.3 billion). As a result, the share of capital investment in GRP is estimated at 33.3%.

### Tatarstan capital investments



### Flow of foreign investment into Tatarstan, USD million

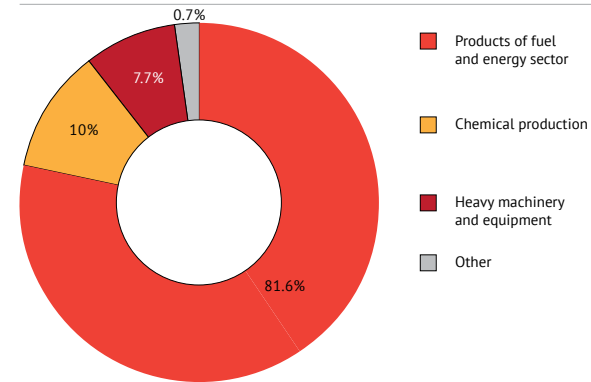


In terms of economic activity, investment has primarily been put towards the manufacturing industry (43.8%), real estate operations, leasing and services (18.2%), and resource extraction (10.5%).

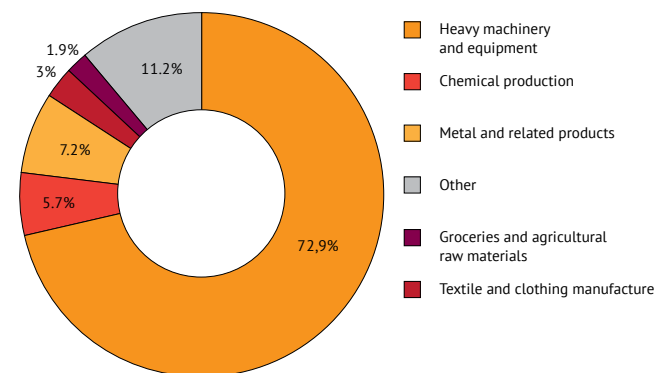
The external economic situation and the recent imposition of sanctions have had a negative impact on Tatarstan's foreign trade turnover, which decreased in 2014 by 18.2% year-on-year to USD 22.6 billion. Export of goods dropped 18.7% to USD 18.2 billion while import of goods decreased by 16.1% to USD 4.4 billion.

## Tatarstan's foreign trade turnover

### Tatarstan's export composition by products in 2014 (percentage of total exports)



### Tatarstan's import composition by products in 2014 (percentage of total imports)





## Tax system

Tax	Russian Federation	Tax preferences in the Republic of Tatarstan	For Alabuga SEZ residents	For Innopolis SEZ residents
VAT	18%		0% (import of raw materials and machinery)	18%
Profits tax	20%	13.5%*	0%**	0%**
Personal income tax	13%		13%	13%
Transport tax	1–150 rub./hp		0%***	0%***
Social tax contribution	34%		14%	14%
Land tax	1.5%		0%***	0%***
Property tax	2.2%	0.1%*	0%***	0%***

\* for enterprises carrying out investment projects (with a period of return of no more than seven years, or, in the case of the heavy machinery sector, up to 13 years from the start of the investment)

\*\* during first five years since the realization of profit

\*\*\* during 10 years since appearance of taxable base

## Investment climate

In 2015, the Law of the Republic of Tatarstan “On Strategic Planning in the Republic of Tatarstan” was ratified. The strategy focuses primarily on achieving the “Tatarstan-2030” strategic vision, which is characterised by the following:

**Strategy 2030**

***Tatarstan-2030 – a globally competitive and stable region, with the “Volga-Kama” growth pole as driver.***

Tatarstan - a leader in quality interconnected development of human capital, institutions, infrastructure, economy, foreign integration (as the Eurasian axis of the Russian Federation) and internal space.

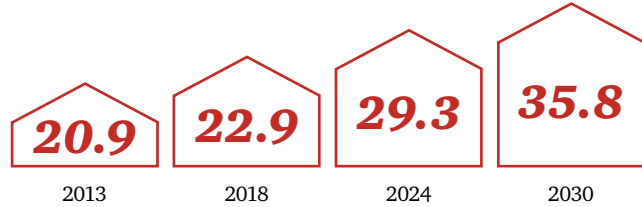
A region with higher than average growth rates, and a higher degree of involvement in the international division of labour.



**Key target areas for the Republic of Tatarstan**

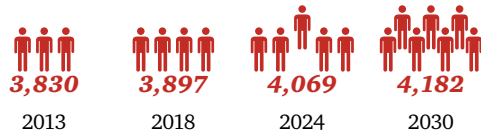
**Key objective**

Per capita GRP, '000 USD in 2013 prices

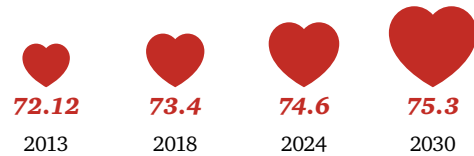


**Human capital**

Average annual population figure (in '000 of persons)

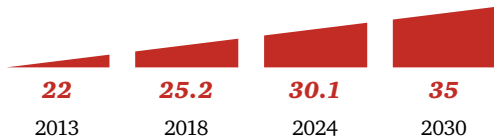


Expected lifespan (in years)

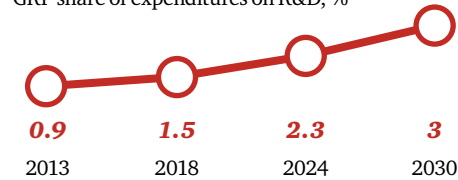


**Innovation and information**

Share of innovative production in overall industrial output, %

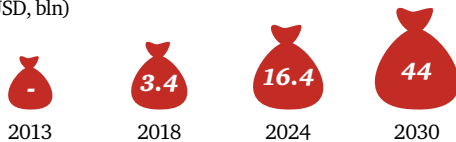


GRP share of expenditures on R&D, %



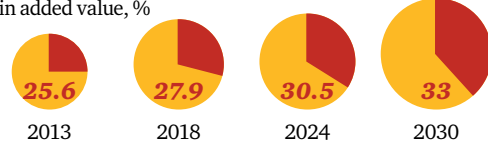
**Financial capital**

Direct foreign investment accumulated (USD, bln)



**Institutions**

Share of small and medium sized enterprises (SMEs) in added value, %

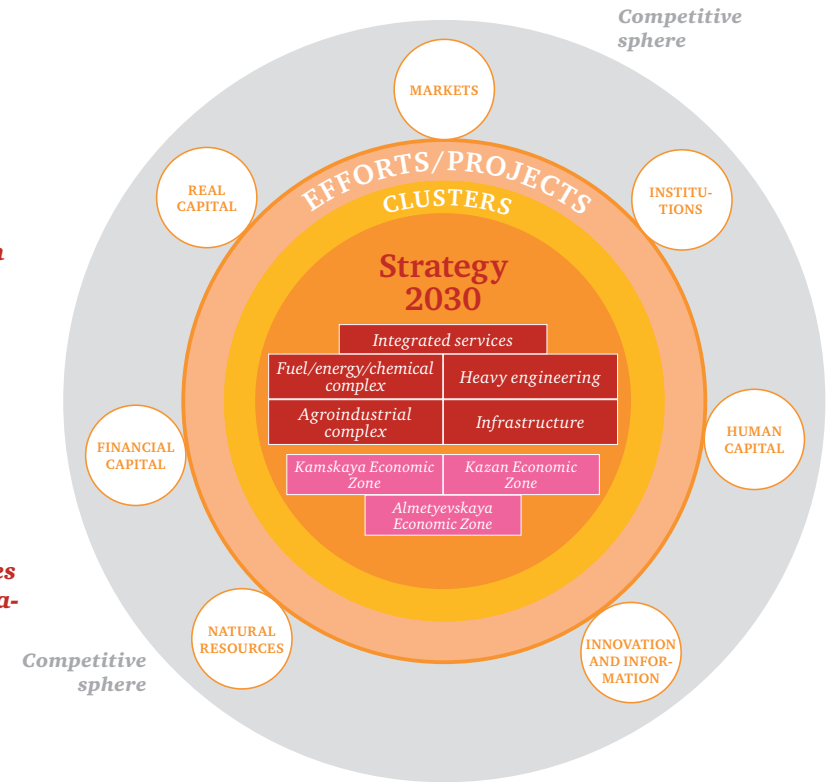


**Tatarstan 7+5+3 model**

**7** areas of competition

**5** base economic complexes

**3** economic zones around 3 mega-regions

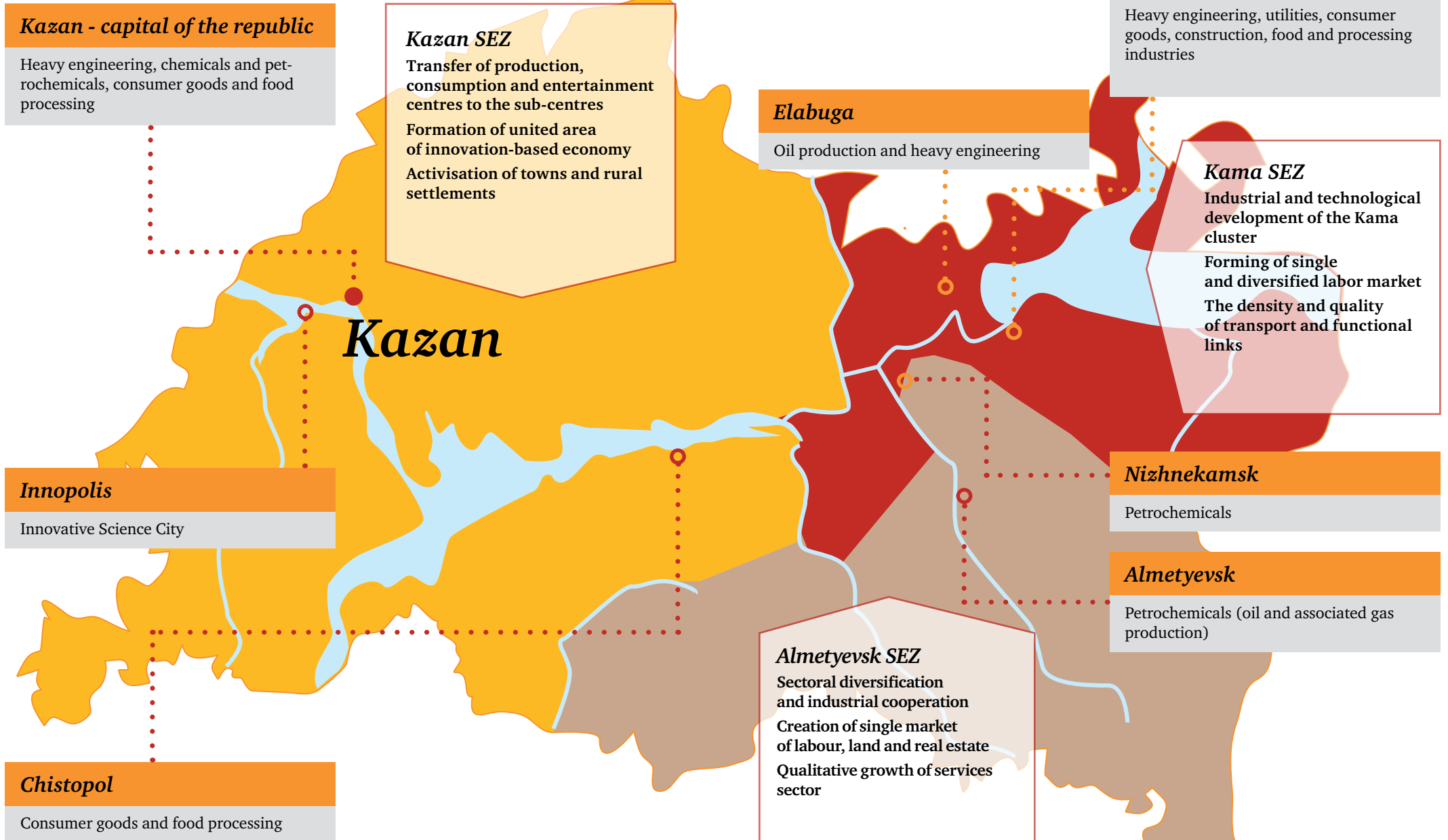


The implementation of a cluster approach for the strategic development of the Idea Technopark includes the intensive promotion of nano-technologies and high-tech products, as well as the implementation of investment projects in priority economic sectors.

The plan for developing a nanotechnology cluster includes the following efforts:

- coming up with a development programme for industrial enterprises in Tatarstan, which foresees placement of orders for the manufacture of necessary products at small entities;
- developing infrastructure to support the nano-cluster;
- promoting nano-cluster enterprises and project members in federal and global nano-technology markets and state support for enterprises;
- training and re-training of personnel to work in the nano-cluster.

## Investment infrastructure



# Investment infrastructure

Largest investment sites of the Republic of Tatarstan

43 investment sites are located in Republic of Tatarstan



## Investment infrastructure

### Alabuga SEZ



The Alabuga Special Economic Zone (SEZ) plays a leading role among Tatarstan's development institutions. It serves as a centre for attracting investors and carrying out promising high-tech projects in such fundamental economic clusters as the petrochemicals, automotive and construction industries.

According to Alabuga SEZ's development strategy until 2023, the zone will likely have attracted up to 120 companies with total combined investment of around RUB 360 billion.

#### Alabuga SEZ: Summary information:

- Site size - 20 sq. km;
- It has more than 40 resident companies;
- It provides more than 5,000 jobs;
- Minimum investment threshold for obtaining resident's status: EUR 3 million;
- Total state investments in the project: RUB 15.5 billion (USD 408.2 million);
- Total private investment in the project: more than USD 1 billion;
- Total capital investment exceeded RUB 92 billion (USD 2 423 million);
- Manufacture of production: more than RUB 130 billion (USD 3 423.8 million).

The Alabuga SEZ has access to federal highways and railways. The following modes of transport are available for freight forwarding:

- ✈️ air - Begishevo Airport;
- 🚂 rail - branch railway line of over five km integrated with the federal railway network;
- 🛣️ road - on-site road network of over 13 km, plus the federal M7 Highway;
- 🚢 river - river cargo ports at Naberezhny Chelny and Nizhnekamsk.

Alabuga SEZ residents include major Russian and global companies representing such major brands as Rockwool, Isuzu, Air Liquide, Ford Sollers, Sisecam, Saint Gobain,

Kastamonu Integre, Saria Bio-Industries Volga, Preiss-Daimler Tatneft, Armstrong, 3M, Hygiene, RR Donnelley, etc.

#### Among Alabuga SEZ's other competitive advantages are:

- All essential industrial infrastructures are already in place.
- Residents are not charged any fee for connections to utility systems.
- Residents are granted tax benefits for up to 10 years.
- The free economic zone customs regime exempts imports of modern high-tech equipment, raw materials and components from both import duties and VAT.
- The SEZ has its own customs post, allowing resident companies to promptly resolve any customs-related issues. An electronic customs declaration system is also available.
- The "one-window" system (one-stop shop) combines the offices of 16 regulatory

agencies under one roof within the SEZ's administrative and business centre. This allows residents interact with governmental authorities without leaving the SEZ.

The Alabuga SEZ also offers free hook-ups to the power grid.

Comparison of costs for power grid connection:

- Moscow – RUB 29 million (USD 515 thousand) per MWt;
- Tatarstan – RUB 6.25 million (USD 111 thousand) per MWt.

[www.alabuga.ru](http://www.alabuga.ru)

## Innopolis



Innopolis Innovation Centre **is a new city in Russia specialising in IT business and training**. The project will bring together young, highly-qualified specialists from all over Russia to help in the innovative development of the Russian economy. The project's overall budget is RUB 67 billion (USD 1.2 billion).

Innopolis is a "smart city" with subdivided business infrastructure (technological parks, R&D centres, etc.). It will feature Russia's first university specialising in information technologies (working in partnership with Carnegie Mellon University, USA), as well as a full range of social and commercial infrastructure (schools, kindergartens, hospitals, shopping centres, restaurants, etc.), and several classes of residential areas (from

apartment buildings to townhouses and cottages), the bulk of which will be rented to employees of resident companies with a purchase option.

Construction started on 9 June 2012. The project is scheduled to reach completion in 2027.

The first students were enrolled to the university in September 2013. Since 2015, around **300 bachelors** and **100 masters** will begin their studies in the new city. They will specialise in software engineering, cyber security, data sciences and robotics.

The first phase of construction at Innopolis should be completed in 2015 (living infrastructure, providing work to 5,000 people).

Innopolis SEZ consists of two plots of 294.03 ha combined located in the Verkhneuslonsky and Laishevsky Municipal Districts of Tatarstan.

The site in the Verkhneuslonsky Municipal District of Tatarstan (192.71 ha) is located 30 km from Kazan in the centre of Innopolis and is designed to accommodate offices of innovation companies and R&D facilities.

The site in the Laishevsky Municipal District (101.32 ha) is located 15 km from Kazan, in close proximity to Kazan International Airport. It is designated for resident companies' manufacturing activities in order to produce innovative products.

The centre is accessible via the nearby M7 Volga Highway with the Zaimishchevsky Bridge crossing the Volga, as well as suburban ferries, helicopter services, and a new cableway, which is expected to be built in the near future.

Innopolis will also provide the necessary residential and social infrastructure for future residents that will meet the most up-to-date requirements. High quality residential houses of various formats will be built in the city and will be affordable to various categories of residents: cottages, townhouses and apartment blocks, as well as short-stay accommodations such as 3\* and 4\* hotels.

[www.innopolis.ru](http://www.innopolis.ru)



### ***Innopolis SEZ grants special terms for entrepreneurial activities such as:***

- special tax regimes;
- access to developed international-class business infrastructure;
- beneficial land lease and connections to utility systems;
- simplified administration of residential activities;
- access to a developed talent pool;
- additional opportunities to attract foreign highly qualified specialists.

## Project - SMART City Kazan



SMART City Kazan is a new urban area near Kazan now under development, which will have a population of around 59,000.

The project's cost comes to RUB 400 billion (USD 7.1 billion) and it will be implemented on the basis of a public-private partnership (PPP).

SMART City Kazan is the creation of an urban space for the development of business, educational and R&D activities with the purposes of stimulating and developing the most promising sectors of Tatarstan's economy. The latest developments in urbanisation and engineering will be used in this project. SMART City Kazan is a "smart city" project with modern and comfortable conditions for Tatarstan-based, Russian and international companies to do business. The project will also feature residential and recreational opportunities.

### Zone and cluster development

SMART City Kazan is divided into four main areas based on functionality:

- International Public Business Centre (220 ha);
- Education and Scientific Centre (209 ha);
- Special Economic Zone (SEZ) (102 ha);
- Parkland (100 ha).

SMART City Kazan's main clusters are based on Tatarstan's most promising sectors and should become sources of growth for the entire region:

- Healthcare cluster;
- Educational cluster;
- High-tech production cluster;
- Tourism cluster.

### Project - SMART City Kazan:

The project covers around 650 ha and is located three km from Kazan International Airport and 15 km from the city centre. A branch of the inter-modal railway line Aeroexpress runs through SMART City Kazan, linking the new area with the airport and the city centre.

### Stimulus

Stimulus packages are under development in the three following areas.

#### For investors, during construction phases:

Package-1. This package aims at optimising construction investment projects. It includes provision of construction sites with roadway access and utility networks, accelerates the approval of permits, and provides tax breaks on investment projects along with tax holidays for set periods.

#### For SEZ residents:

Package-2. This package aims at encouraging companies to set up representative offices. It assists in the provision of visas and legal support, as well as preferred tax breaks on company revenues.

### For scientific endeavours:

Package-3. For companies and individuals engaged in the development of services with high added value (R&D, high-tech production, etc.). Tax breaks for company revenues, as well as breaks on revenues and social payments by entities in a particular sector, will be developed.

#### The following organisations have been invited to take part in the project:

- Exhibition operators;
- Financial, export, and insurance companies;
- Business service outsourcing centres;
- R&D centres;
- Hi-tech production centres;
- Hotel and educational operators.

[www.kazansmartcity.com](http://www.kazansmartcity.com)

## The IT Park high-technology park

Kazan IT Park is Eastern Europe's largest **development institute** aimed at promoting the large-scale commercialisation of **IT and infocom projects**. The main goal of the IT Park is to ensure the most favourable environment for start-ups and developing IT businesses. One of the key areas of specialisation for IT Park resident companies is software development, including applications for "electronic government" and "electronic public services".

[www.itpark-kazan.ru](http://www.itpark-kazan.ru)

Investments in the IT Park totalled RUB 4.3 billion (USD 76 million), allocated from federal and regional budgets. The IT Park hosts 158 resident companies and has provided 3,860 jobs.

The total combined revenue of residents there came to RUB 8.7 billion in 2014.

Since 2014, the IT Park has been a full-fledged member of the International Association of Science Parks (IASP) that has made Tatarstan's innovation cluster even more attractive internationally.

Memorandums of understanding have been signed with a number of international organisations, including Hoa Lak Technology Park (Hanoi, Vietnam), leading Indian IT company Allied Digital Services Limited, and Bilkent University (Ankara, Turkey).

### Chelny Industrial Park

The city of Naberezhnye Chelny is geographically an **automotive centre** in Russia (e.g. the location of OAO KAMAZ, OOO Ford Sollers Holding).

The land plot, on which the Industrial Park is developed, is located in the industrial area of Naberezhnye Chelny. The land plot area covers about 100 ha.

The general plan provides for the creation of 580,000 sq. m of industrial space, an EXPO centre of 50,000 sq. m, as well as hotel complex and administrative buildings.

Its plan foresees 110 resident companies and over 3,000 jobs.

More than 60% of russian synthetic rubber, 24% of plastics, one in **three russian trucks and one in three russian tires are produced on the territory of the Cluster**.

[www.ipchelny.ru](http://www.ipchelny.ru)

### Tyulyachi Industrial Park

Tyulyachi Industrial Park, which was created in 2012, was one of the first parks located in a rural area and was specialised by the input material from which products can be made for various industries rather than by individual industry sector. **Polymeric material products** were selected as the key operational profile for Tyulyachi Industrial Park, which has the facilities to composite polymers with other materials.

[www.tulachi.su](http://www.tulachi.su)

### Chistopol Industrial Park

Chistopol Industrial Park is an **industrial area** of 292 ha **prepared for construction** that includes general infrastructure facilities such as roads, power, gas and water supply systems and waste treatment plants.

The park consists of 35 plots, each covering from one to 13 ha.

The Industrial Park operates on a “one-stop-shop” basis and provides built-to-suit services. Investors also enjoy utility connection benefits and tax exemptions.

[www.chistopolinvest.ru](http://www.chistopolinvest.ru)

### The IT Park High-Technology Park (Naberezhnye Chelny)

This is the second site of the Kazan IT Park with office space coming to 12,000 sq. m. It has all the necessary conditions to enable **high-tech companies** to grow thanks to the concentration of financial and intellectual resources.

[chelny.itpark-kazan.ru](http://chelny.itpark-kazan.ru)

### Kama Industrial Park (KIP) Master

KIP Master is the sole example of a functioning industrial park with an exclusive focus on the heavy engineering sector. Its major goal is to encourage the robust development of advanced **automotive component manufacturing**. More than half of the Kama Industrial Park's resident companies maintain close ties with OAO KAMAZ.

[www.kipmaster.ru](http://www.kipmaster.ru)

### Technopolis Himgrad

Himgrad offers the optimum environment for developing innovative SMEs in the **petrochemicals and polymer processing** sectors. Technopolis Himgrad is the first Russian industrial park certified by the NP Association of Industrial Parks in the Russian Federation.

Its product consumers are major Russian companies, including OAO Gazprom, OAO NK Rosneft, OAO Lukoil, and OAO Nestle Russia. Export sales to the CIS and other countries account for 10% of all goods produced.

[www.himgrad.ru](http://www.himgrad.ru)

### M7 Industrial Park

M7 Industrial Park is designated for **processing polymers** and located in close proximity to the Kazanorgsintez Plant. It was set up to provide strategic and financial support to the innovation and investment activities of SMEs.

The Park's profile covers the following industries:

- Polymer processing;
- Heavy engineering;
- Metal processing;
- Construction materials.

[www.m7park.ru](http://www.m7park.ru)



# Transport infrastructure

## Motor transport

Three federal highways cross the Republic of Tatarstan: M-7 Volga, M-5 Ural, and R-239 Kazan-Orenburg. The region also has 18,500 km of paved public roads.

## Water transport

Tatarstan also has three cargo ports with five cargo territories, four passenger ports (Kazan, Naberezhnye Chelny, Chistopol, and Nizhnekamsk), and six inland water terminals.

## Pipeline transport

Druzhba, the world's largest oil pipeline, starts in Tatarstan. Trunk gas pipelines carrying natural gas from the Urengoy and Yamburg fields to Western Europe also run through the region.

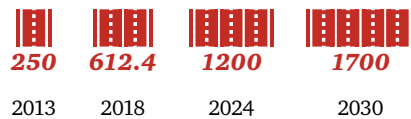
## Rail transport

Rail cargo turnover: in 2014, freight handling volume on the Gorkovskaya and Kuibyshevskaya Railways in Tatarstan came to 1.16 million tonnes (103.4% vs. 2014 plan) and 14.1 million tonnes (100.5% vs. 2014 plan), respectively.



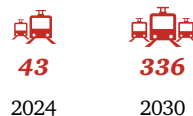
## Motorway system

Stretch of express trunk motorway system, km.



## Railways

Stretch of rapid transit and high-speed railways, km.



SHALI - BAVLY Under construction

E30 CORK - OMSK European route

Water transportation system

Highway

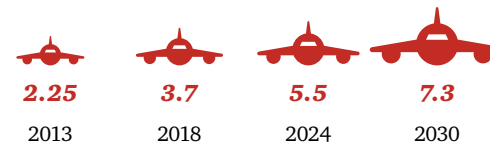
Federal highway

Railroad

Druzhba pipeline

## Air transport

Airport passenger handling, mln passengers p.a.



## Air transport

Air transport facilities in Tatarstan are represented by three airports: OAO MAK, OAO Begishevo Airport and OOO Bugulma Airport.

## Map of direct flights of the Republic of Tatarstan

City	Country
Baku	Azerbaijan
Yerevan	Armenia
Heraklion	Greece
Rhodes	Greece
Thessaloniki	Greece
Hurghada	Egypt
Sharm el-Sheikh	Egypt
Barcelona	Spain
Almaty	Kazakhstan
Larnaca	Cyprus
Bishkek	Kirgizia
Osh	Kirgizia
Dubai	United Arab Emirates
Dushanbe	Tadzhikistan
Khujand	Tadzhikistan
Antalya	Turkey
Bodrum	Turkey
Dalaman	Turkey
Istanbul	Turkey
Samarkand	Uzbekistan
Tashkent	Uzbekistan
Fergana	Uzbekistan
Helsinki	Finland



## Europe-Western China International Transport Corridor

One sizeable project currently under way in Tatarstan is **the construction of a section of the Europe-Western China International Transport Corridor**.

The Europe-Western China International Corridor has the following route: St Petersburg – Kazan – Orenburg – Aktyubinsk – Almaty – Khorgos. This is an optimum route from Europe to China as the number of countries and borders involved is kept to a minimum. The total length of the route comes to **8,500 km**, with 2,200 km passing through the Russian Federation.

The investment appeal of the Europe-Western China Transport Corridor for freight owners is characterised by reduced costs and time for freight deliveries as compared to southern sea routes. The corridor goes along the traditional route of trade between Russia and European countries, which also presumes potential access to one of Europe's largest ports – Hamburg.

Under this project, the Shali (M-7)-Bavly (M-5) Toll Highway is being built in Tatarstan as part of efforts to develop a new section of the Kazan-Orenburg Federal Highway. The length of the toll highway will come to 294 km. It is scheduled for commissioning **in 2018**. The motorway under construction will bypass populated locations, thereby helping to improve the environmental situation in the region thanks to the reduced number of traffic jams, and higher speed

of traffic and transport flows circulating outside populated locations. The total cost of the project is RUB 132 billion (USD 2 billion).

**The Europe-Western China Transport Corridor will reduce travel time by 3.5 times and significantly decrease transportation costs, thus becoming the key freight route for Central Asia.**



## Sviyazhsk interregional multi-modal logistics centre

Another project that can help to resolve pressing issues with respect to freight delivery optimisation is the Sviyazhsk interregional multi-modal logistics centre. This project will help to ensure the shipment of freight to any Russian region. It is also able to re-direct freight flows away from Central Russia and set up social and economic infrastructure along the length of transport corridors.

### Location

The Sviyazhsk interregional multi-modal logistics centre is located in the Kazan transport hub, in the Zelenodolsk District near the Sviyazhsk Railway Station, which is situated in the estuary of the Sviyaga River.

The centre has access to federal transport routes, including railways, waterways, and motorways. This will allow the centre to become a large transshipment hub for export and import freight for all Volga regions, as well as the main river port for freight to be shipped through international transport corridors.

### Main advantages of the centre's location:

- Shortest distances to adjacent industrial cities and towns, including Kazan, Zelenodolsk, Volzhsk, Kanash, Yoshkar-Ola, Cheboksarsk, Cheboksary, Ulyanovsk, Arzamas, Nizhny Novgorod, and Saransk.
- Proximity to and possibility of using railcar maintenance and shipbuilding facilities.
- Transport and expedition services, as well as customs clearance (accepting requests, drafting proposals, processing transport and finance documents, freight escorting).

This is a public-private partnership (PPP) project. Total investment amounts to **RUB 19.9 billion (USD 300 million)**.

The estimated cost of the project is **RUB 14.5 billion (USD 220 million)** (including RUB 6.5 billion from the Russian federal budget and 1.5 billion from the budget of the Republic of Tatarstan).

The first stage of the project is scheduled for completion **in 2015**. The second phase will be completed **in 2017**.

## Utilities

Tatarstan's utilities are capable of meeting its electric and heating needs. They also supply power to large companies engaged in oil, oil refining, petrochemicals and heavy engineering industries in Tatarstan.

Tatarstan's power system currently includes the following independent business units:

- Four power and heat generating companies operating under a cogeneration regime: OAO Generating Company, OAO TGK-16, OOO Nizhnekamskaya CHPP and ZAO TGK Urussinskaya GRES;
- Power grid companies, the largest of which is OAO Setevaya Company, both in terms of the length of its grid and the composition of its core equipment and distributed electric power;
- Guaranteed supplier in Tatarstan – OAO Tatenergosbyt.

In 2014, Tatarstan's power grid ensured reliable and secure power supply to consumers.

According to estimates, the output of generating and distribution companies approximated RUB 80.5 billion (USD 2.1 billion) in 2014.

Tatarstan's generating companies produced 21.4 billion kWh of electricity in 2014, which is 4.4% less than in 2013.

In 2014, Tatarstan's electricity consumption was estimated at around 27.1 billion kWh, which is 1.9% more than in 2013.

According to OAO Setevaya Company, actual power network connection time (without capital repairs) is:

- **52 days** for applicants with power receiver capacity up to 150 kW (regulatory time limit – 120 days);
- **90 days** for applicants with capacity up to 670 kW (regulatory time limit - 120 days);
- **94 days** for applicants with capacity up to 670 kW (regulatory time limit - one year).

The average weighted time for connection to OAO Setevaya Company's grid is 53 days.

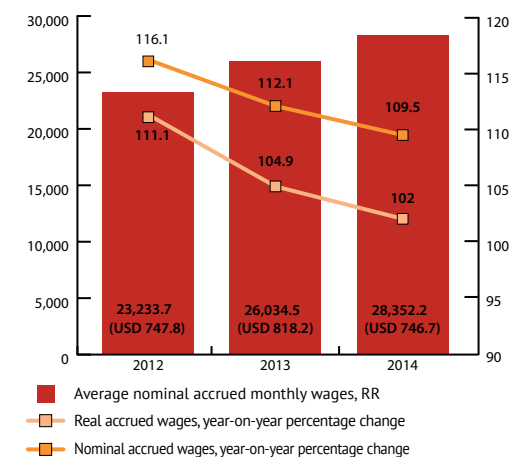
## Workforce

**Economically active population:** 2.05 million people (53.7% of the total population).

**Unemployment** estimated using ILO methodology: 3.9% of the economically active population.

The average monthly wage and salary of employees working in Tatarstan's companies and organisations, including small businesses, came to RUB 28,352.2 in 2014 (USD 500), which is a 9.5% increase on 2013. The real wage growth rate relying on the consumer price index for goods and services was 102%.

Average monthly wages



### Average monthly wages and salaries in Tatarstan

Types of economic activity	RUB		USD	
	2013	2014	2013	2014
<b>Total for Tatarstan</b>	<b>25,896</b>	<b>28,352</b>	<b>818</b>	<b>504</b>
Including:				
agriculture, hunting and forestry	13,014	14,718	409	262
mining	41,515	45,627	1,305	811
processing industries	26,186	28,967	823	515
power, gas and water supply and distribution	32,664	35,470	1,027	630
building & construction	27,753	27,835	872	495
wholesale and retail; repair of vehicles and household appliances	23,563	25,836	741	459
hotels and restaurants	20,067	20,920	631	372
financing activities	34,085	36,727	1,071	653
healthcare and social services	20,554	23,408	646	416

## Higher education

Tatarstan is a region with huge educational and scientific potential. For instance, its capital Kazan is one of the largest educational centres in Russia. It ranks **third** in the number of students after Moscow and St Petersburg (with the total number of students at **169,500 people**).

Kazan (Volga) Federal University was created on the basis of the famous V.I. Ulyanov-Lenin Kazan State University (KSU) and is a science and education centre of international standing.

Since 2014, Tatarstan's Ministry of Education and Science has been building, in conjunction with leading employers, a network of resource centres to train specialists for various industries through existing vocational educational institutions.

The advantages of these centres include their flexible structure and rapid updating of professional programmes. Employers take part in both the training process and the management and financing of these centres.

*At the beginning of 2014-2015 school year, there were **27** higher education institutions operating in the Republic of Tatarstan (most of which were located in Kazan).*

The following educational institutions were classified as resource centres in 2014:

- Arskiy Teachers College named after Gabdulla Tukai;
- Yelabuga Polytechnic College;
- Nizhnekamsk Oil Chemistry and Oil Refining College (Nizhnekamsk);
- Sarmanovsk Agricultural College;
- Kamsk State Auto Mechanical College (Naberezhnye Chelny);
- Kazan Energy College;
- Leninogorsk Polytechnic College;
- Kazan Pedagogical College;
- Menzelinsk Pedagogical College.

Furthermore, in 2015, new resources centres are slated to open at **nine** educational institutions.



## Science

The Republic of Tatarstan is world-famous for its scientists. Nikolay Zinin, Alexander Butlerov, Alexander Arbuzov, Nikolay Lobachevsky, Khamid Mushtari, Evgeny Zavoytsky, Alexander Vishnevsky, and many others have worked here.

Tatarstan carries out active fundamental and applied research in such promising areas as nanotechnologies, composite materials technologies, physics of magnetic phenomena, laser technologies, biotechnologies, robotics, etc.

Research activities in Tatarstan are implemented by R&D centres, research institutes and design bureaus at enterprises, technical parks, technological sites, business incubators, and various other entities.

*The engineering and prototyping centres opened in Tatarstan lay the groundwork for further innovative economic development. These new institutions are involved with technological modernisation and substitution of foreign products and technologies with the involvement of institutions of higher education and SMEs.*

In addition, a new area for developing innovation infrastructure in Tatarstan has been the creation of engineering and prototyping centres that facilitate the implementation of innovative technologies in manufacturing and other sectors of the Russian economy.

In 2013 and 2014, **six** high-tech centres were established.

- KAI-Laser Regional Engineering Centre;
- Regional medical simulator engineering centre Medical Science Centre;
- Regional Chemical Engineering Centre;
- Regional Biotechnology Engineering Centre;
- Prototyping and Domestic Robotics Implementation Centre;
- Prototyping centre Digital Technology Centre.

## Global events in Tatarstan

Tatarstan is an active partner in global-scale events. Large events are held in Tatarstan from every year under the auspices of reputable international organisations. Over 120 international events were hosted in 2014, including mutual official visits, working trips and business forums aimed at developing international cooperation.

Among the events of international standing:

### *The Kazan Venture Fair*

The Kazan Venture Fair is an annual two-part event, which includes the promotion innovative companies, a congress block for issue-based events and an exposition where corporate exhibitors have chance to present their business ventures to investors and the public at large.

[ivf.tatarstan.ru](http://ivf.tatarstan.ru)

### *EURO-ASIA EXPO*

The largest international exhibition in Russia, EURO-ASIA EXPO 2014, was a site of active collaboration among cultures, large-scale trade operations, the conclusion of several crucial agreements and strengthening trade and diplomatic ties.

[euroasiarussia.com](http://euroasiarussia.com)



### *KazanSummit*

KazanSummit is one of the leading global economic forums for Russia and member-states of the Organisation of Islamic Cooperation (OIC). Participants at this forum will discuss pressing issues in regards to doing business and development of economic cooperation between Russia and countries of the Islamic world.

[www.kazansummit.com](http://www.kazansummit.com)

### *The annual international forum INVEST in TATARSTAN*

The annual international forum INVEST in TATARSTAN is an exclusive event held with the involvement of top-level government officials, who speak to investors from all over the world about the advantages of the Tatarstan Republic as a place for investment.

[investintatarstan.com](http://investintatarstan.com)

### *World Aquatics Championships 2015*

The first in Russia 16th World Aquatics Championships was held in Kazan in summer 2015.

[www.fina.org/H2O/](http://www.fina.org/H2O/)

### *XXVII Summer World Student Games (Universiade - 2013)*

In July 2013, Tatarstan's capital Kazan hosted the XXVII Summer World Students Games that appeared to be the most massive sporting event in the history of the global students' games. The Games attracted 7,980 athletes and 3,798 officials from 160 countries. The event was also attended by around 150,000 guests and tourists.

[www.kazan2013.ru](http://www.kazan2013.ru)



### *International Opera Festival in Honour of Fedor Shalyapin*

International Opera Festival in Honour of Fedor Shalyapin is one of the cultural brands of the Tatarstan Republic and the largest music and theatrical event in Russia. The Shalyapin Festival is visited by world stars and singers known for performing in the best theatres around the world.

### *International Classical Ballet Festival in Honour of Rudolf Nuriev*

International Classical Ballet Festival in Honour of Rudolf Nuriev is the largest festival of choreographic art and one of the longest-standing of its kind in Russia. It has been annually since 1987, in May, on the stage of the Musa Jalil Tatarstan State Theatre of Opera and Ballet in Kazan. Having risen from all-Russian to international prestige and gaining greater popularity every year, this festival is a musical and theatrical landmark for Tatarstan, as well as a significant event in the cultural life of Russia and Europe.

[kazan-opera.ru](http://kazan-opera.ru)

### **WorldSkills Competition 2019**

In August 2015, Kazan won the privilege to host the international final of WorldSkills Competition 2019.

The WorldSkills Competition is a championship of professional skills for young people of ages from 16 to 25. The main purpose of the competition is to enhance the quality of training for workers and engineers, make working professions more popular, and encourage the application of global professional standards throughout Russia.

In 2014 and 2015, Kazan hosted the II and III national championships of WorldSkills Russia, regularly held in the country.

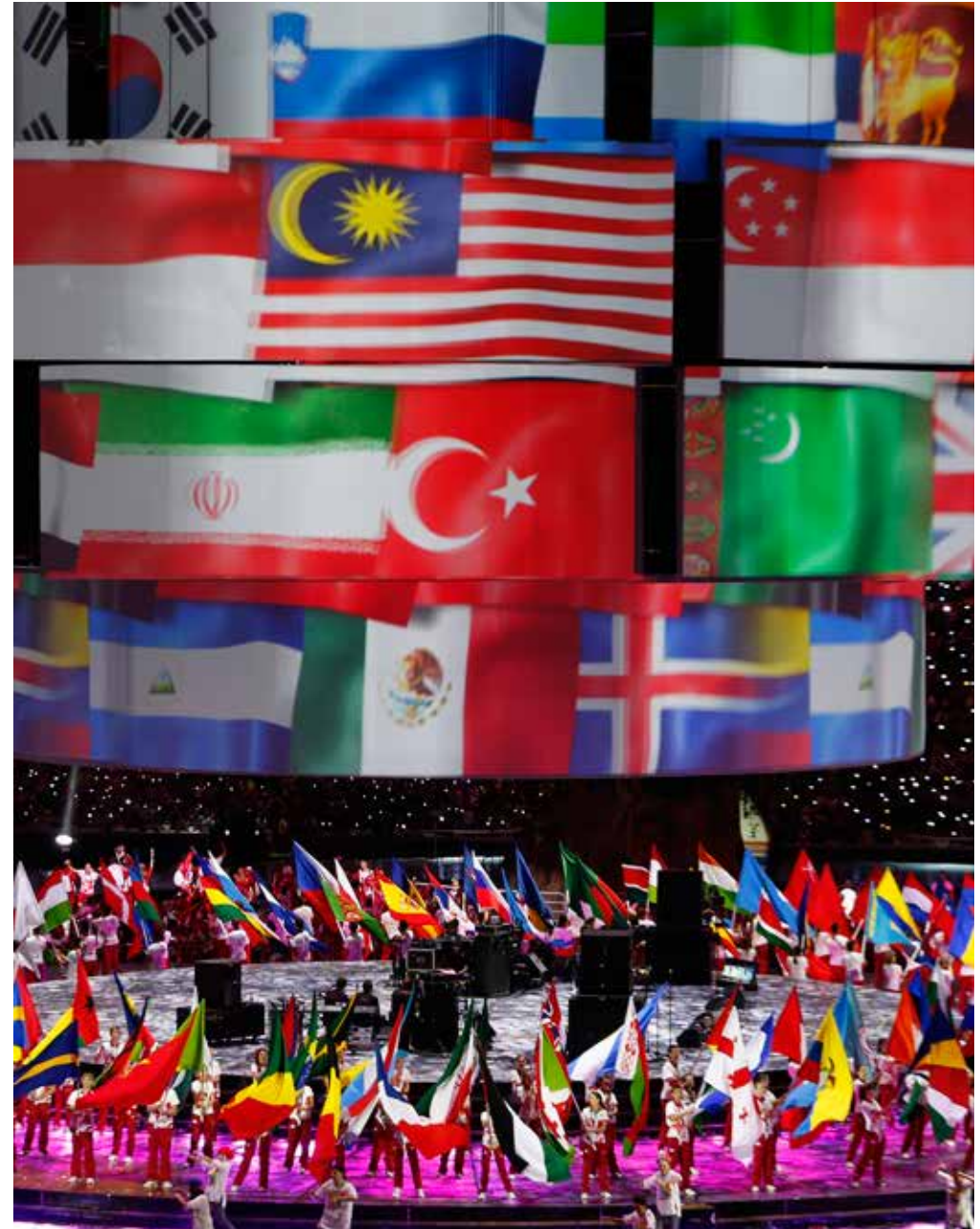
More than 60 countries will take part in the competition. The participants will compete in 50 professional areas (competencies), including woodwork, carpentry, graphic design, welding technologies, mobile robotics, etc.

<http://worldskillskazan2019.org>

### **2018 FIFA World Cup**

In 2018, along with other 10 Russian cities, Kazan will host the 21th FIFA World Cup. The concept for the championship foresees matches at 12 football stadiums, including Kazan Arena. As part of the championship, Kazan will also host play-off matches. Sports Facilities magazine praised Kazan Arena as **the best stadium for 2014**.

<http://welcome2018.com/en/>



## *The Republic of Tatarstan's strategic economic development priorities*

The Republic of Tatarstan has set the objective of creating investment infrastructure that can help attract both Russian and foreign investors in the coming years. The following priority areas for Tatarstan's economic development have been established in order to achieve this objective and improve Tatarstan's investment climate while also ensuring international investors are offered competitive advantages:

- Chemicals and petrochemicals;
- Heavy engineering and automotive components;
- Healthcare and pharmaceuticals;
- Agro-industry;
- Development, real estate, construction and building materials manufacture;
- IT and telecommunications;
- Services and tourism.



## Chemicals and petrochemicals

The chemicals and petrochemicals industry mainly includes:

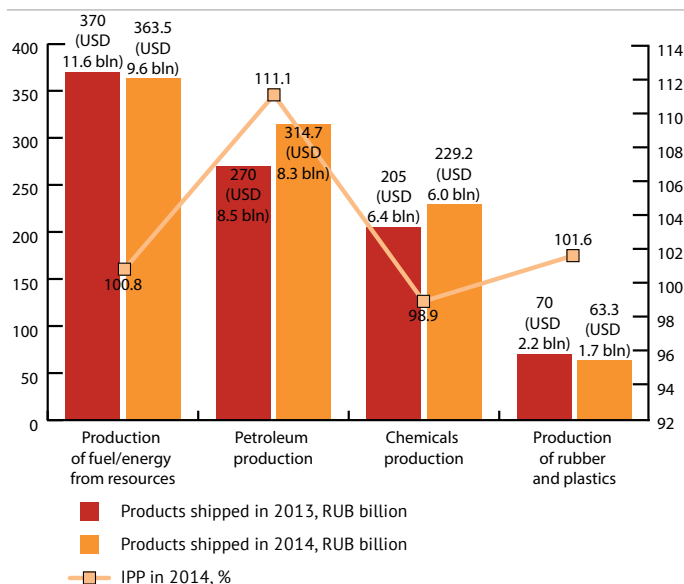
- petroleum products output;
- chemical production;
- rubber and plastics production.

The chemical and petrochemical sectors form the basis for growth in Tatarstan's economy. Since 2000, TAIF Group alone has invested RUB 158 billion (USD 4.2 billion) into its enterprises. The TANECO project, being implemented by oil producer Tatneft in the city of Nizhnekamsk, has received investments totalling around RUB 200 billion (USD 5.3 billion).

### Developments in the petrochemical complex

Based on the 2014 results, petrochemical enterprises' share in total shipments comes to 59.2%, amounting to RUB 972.5 billion (USD 25.6 billion).

### Dynamics of petrochemical industry



### Main enterprises:

OA O Tatneft  
www.tatneft.ru

OA O TANECO  
www.taneco.ru

OA O TAIF  
www.taif.ru

OA O Nizhnekamskneftekhim  
www.nknh.ru

OA O Kazanorgsintez  
www.kazanorgsintez.com

OA O Nefis Cosmetics  
www.nefco.ru

OJSC Kazan Synthetic Rubber Plant  
www.kzck.ru

OA O L.Ya. Karpov's Chemical Plant  
www.karpovchem.ru

AO KVART  
www.kvart-rti.ru

OA O Nizhnekamskshina  
shinakama.tatneft.ru

### Foreign investments in the industry:

Clariant, Switzerland  
www.clariant.com

OOO P-D Tatneft Alabuga Glass Fibre, Germany  
www.alabuga.tatneft.ru

OOO Air Liquid Alabuga, France  
www.ru.airliquide.com

### Oil production and refining

Oil companies of the Tatarstan Republic produced nearly 960 million cubic meters of associated oil gas, while output was 101.5% against 2013.

With the support of the Russian and Tatarstan Governments, **OA O Tatneft** is implementing in Nizhnekamsk a major investment project – the construction of a complex of oil processing and petrochemical plants.

The official opening ceremony for the TANECO Integrated Hydrocracking Unit was held on 2 December 2014.

In November 2014, **OA O TAIF NK** built the last large-capacity facility – the main fractionator for oil tar hydro-conversion.

### Chemicals and Petrochemicals

In April 2014, **OA O Nizhnekamskneftekhim** held a grand ceremony for the commissioning of the fourth line of its polystyrol production facility with annual capacity for 50,000 tonnes.

Since 2013, the Russia's largest polyethylene producer, **OA O Kazanorgsintez**, has been implementing a special four-year programme aimed to stabilise and improve the reliability of its production. The project comes to RUB 6 billion (USD 106.6 million).

### Rubber and plastics production

On 13 October 2014, **Nizhnekamsk All Steel Tyre Plant Ltd** produced its two-millionth tyre. To date, this plant's output includes 54 commercial items, such as tyres for all types of trucks, buses and semi-trailers, including 25 commercial items produced in accordance with the Off-take system for European companies, including premium brands.

In March 2014, **i-Plast Ltd** commissioned the production of 660 litre containers. The new container is designed in line with the European EN 840 standard. The facility's production capacity can reach up to 80,000 containers annually.

### A success story

#### OOO Air Liquid Alabuga, France: a plant producing fabricated technical gases

Jan Keller, Vice President, Air Liquide group, Russia and CIS: "Air Liquide was granted access free of charge, which helped us to save USD 2.5 million in investments."

#### Project implementation milestones:

- 29 September 2008 – approval of the project by the Supervisory Board of the Alabuga SEZ PPT;
- 28 November 2008 – signing of an agreement for industrial and production activities;
- 1 July 2010 – launch of the first stage of production;
- 16 May 2012 – launch of the second stage of production.





## Machinery and auto components

Machinery and auto components include the following types of activities:

- production of machinery and equipment;
- production of electronics, electrical and optical equipment;
- production of transport vehicles and equipment;
- production of automotive components.

In 2014, Tatarstan's machinery complex produced products worth RUB 362.1 billion.

OAO Kamaz produced 38,800 trucks and dispatched items worth RUB 98.7 billion.

In January 2014, a new production block, OOO ZF KAMA, was opened in Naberezhnye Chelny. It is a joint venture (JV) of OAO Kamaz and German company Zahrad Fabrik engaged in the production of gear boxes and related spare parts. By 2016, investments in this JV will likely total around RUB 6 billion, and its production capacity should increase by 2.5 times.

In December 2014, after its complete modernisation, the **Ford Sollers** plant was opened in Naberezhnye Chelny, with production capacity of up to 115,000 vehicles per year. Total investment in the project is valued at about RUB 20 billion.

In 2014, the Ford Sollers JV also started collaborating with Turkish company Coşkunöz Holding. In August 2014, the Turkish company opened a plant to produce pressed car parts for Ford vehicles in the Alabuga SEZ.

The output of **OAO Production Association Yelabuzhsky Automobile Plant** for 2014 totalled RUB 3.4 billion (USD 90 million). Since 2011, the plant has been producing cars per the request of OAO Russian Railways.

### Main enterprises:

OAO Kamaz [www.kamaz.ru](http://www.kamaz.ru)

Yelabuzhsky Automobile Plant [www.elaz.ru](http://www.elaz.ru)

Kazan Aircraft Production Association (OAO Gorbunov KAPO) [www.kaztupolev.ru](http://www.kaztupolev.ru)

OAO Kazankompressormash [www.compressormash.ru](http://www.compressormash.ru)

OAO Gorky Zelenodolsk Plant [www.zdship.ru](http://www.zdship.ru)

### Foreign investments in the industry:

OOO Ford Sollers Holding [www.fordsollers.com](http://www.fordsollers.com)

Daimler AG (Germany) [www.daimler.com](http://www.daimler.com)

Honeywell (USA) [honeywell.com](http://honeywell.com)

ZAO Schneider Electric (Germany) [www.schneider-electric.com](http://www.schneider-electric.com)

ZAO Cummins Kama (USA) [www.cummins.com](http://www.cummins.com)

ZAO Automotive Glass Alliance Rus [www.siseecam.com](http://www.siseecam.com)

Kiekert AG (Germany) [www.kiekert.com](http://www.kiekert.com)

The results for 2014 show that the output of **OAO Kazankompressormash** totalled about RUB 2.5 billion (USD 66 million). The company produced and dispatched 17 compressor machines as part of the South Stream project.

Furthermore, the 2014 results show that the output of **OAO Gorky Zelenodolsk Plant** amounted to RUB 16.5 billion (USD 435 million), with its industrial production index at 147.1%.

**OAO Zelenodolsk Production Association Sergo Plant** has also been successful. In 2014, its output totalled RUB 5.2 billion (USD 137 million), with its industrial production index at 103.4%.

In addition, 2014's output for Kazan Aircraft Plant (OAO Gorbunov KAPO) – a branch of OAO Tupolev – came to RUB 3.3 billion (USD 87 million), with its industrial production index standing at 118.7%.

Increased output was demonstrated by OAO Kazan Helicopter Plant. In 2014, production came to RUB 55 billion (USD 1.4 billion), with its industrial production index at 106.5%. Based on last year's results, the plant produced 108 helicopters.

### A success story

#### OOO Ford Sollers Yelabuga (USA/Russia) – production of Ford cars and engines

Ted Cannis, President, Ford Sollers: "The Alabuga SEZ has world-class infrastructure and it is real."

#### Project implementation milestones:

**19 September 2011** – the plant signs an agreement for industrial and production activities.

**1 October 2011** – the plant becomes a part of Ford Sollers joint venture;

**January 2012** – the plant starts producing the Ford Transit – Ford's first model at the plant. Operations start;

**11 April 2013** – the plant launches production of Ford Explorer, the legendary off-road vehicle, using full cycle technologies;

**May 2013** – Ford Sollers announces that it has begun constructing a plant to produce engines in Yelabuga that will be opened in December 2015. The first engines to be produced would be Sigma family engines with 85, 105, and 125 hp capacity;

**16 October 2013** – Ford Sollers' plant in Yelabuga starts producing the Ford Kuga, the first smart-crossover, using full cycle technologies;

**On 21 April 2015**, the plant officially starts producing Ford Transit vehicles using full cycle assembly.

Ford Sollers' plant in Yelabuga fully complies with Ford's quality standards and is one of the most high-tech and modern plants in the world.



## Healthcare and pharmaceuticals

Healthcare and pharmaceuticals include the following:

- Production of medical equipment and pharmaceuticals;
- Provision of healthcare services;
- Pharmacy chains.

The following are in operation in Tatarstan:

- Nine medical centres providing high-tech medical services;
- Seven major multiprofile clinics with facilities for clinical trials and testing.

Tatarstan is a major scientific centre where the following are in operation:

- One of the oldest medical universities in Russia, which turned 200 years old in 2013;
- A medical academy;
- An institute of fundamental medicine and biology with 110 faculties.

The non-commercial PPP Educational Centre for High Medical Technologies was formed in Tatarstan. This is a one of a kind organisation in Russia.

The growth rate of the republic's pharmaceutical market is 10.7%, following the results of 2014 market volume amounted RUB 24.02 billion (USD 632.6 million) (2013 – RUB 21.7 billion (USD 682 million), 2012 – 18.38 billion (USD 591.6 million)).

### Main enterprises:

OAO Kazan Medical Instrument Plant  
www.kmizmarket.ru

OAO Tatchempharmpreparaty  
www.tatpharm.ru

### Foreign investments in the industry:

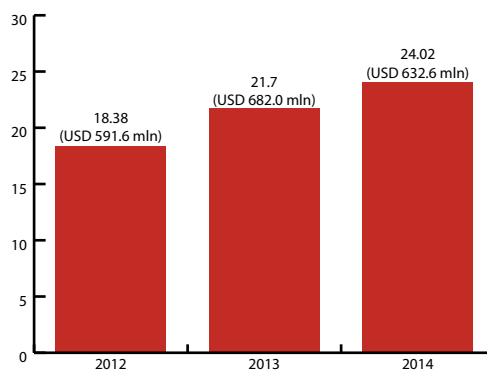
Johnson&Johnson www.jnj.com

FAVEA (Czech Republic) www.favea.org

Average lifespan in Tatarstan is 72.2 years (all-Russia – 70.9 years).

Infant mortality rate decreased by 7.3%, maternal mortality rate – by 17%, mortality from Miocardial Infarction – by 20% in 2014 in the republic.

### Volume of the Tatarstan pharmaceuticals market, RUB billion



### A success story

#### Johnson&Johnson

For over five years, Tatarstan has been working with Johnson & Johnson in the areas of equipment procurement and education.

In September 2007, at the initiative of the Russian Ministry of Healthcare and with support from the Republic of Tatarstan and OOO Johnson & Johnson, the Medical High-Technology Educational Centre, a non-profit partnership, was established as part of efforts to implement the national Healthcare Project. Johnson & Johnson invested USD 15 million over a five-year period.

In 2014, Tatarstan purchased 22,000 units of surgical equipment and 600 joint implants from the company.



### A success story

#### FAVEA

In November 2014, FAVEA and OAO Tatkhimfarmpreparaty signed an agreement to launch production of sterile creams and skin ointments (gels). Tatkhimfarmpreparaty is slated to undergo a major upgrade. Plans call for investing EUR 12 million in the technical re-equipping of the company.

A new ointment and gel manufacturing unit is expected to be built and put into operation in autumn 2015, right in line with the timeframe stipulated in the signed agreement.

Previously, FAVEA was involved in designing and building a new production facility for manufacturing solid dosage forms (pills and gelcaps) in Kazan, which was commissioned in late 2008.

## Agro-industry

Today Tatarstan is consistently ranked among leaders of agricultural production of the country:

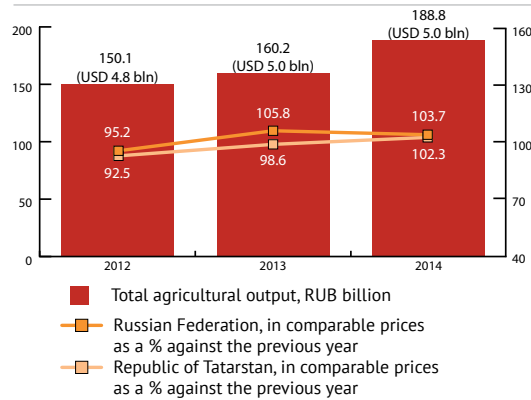
- 1st** place in milk production;
- 2nd** place in potato gathering;
- 3rd** place in gross output of agriculture.

In 2014, the gross grain harvest in Tatarstan came to 3,627,700 tonnes, which is a 29.4% increase from 2013.

The gross harvest of (factory supplied) sugar beet of all types of households decreased by 33.3% and came to 1,408,400 tonnes.

The gross harvest for field vegetables in all types of households increased by 8.5%.

### Dynamics of agricultural industry



### Main enterprises:

OOO Prosto Moloko Management Company [www.tatarmilk.ru](http://www.tatarmilk.ru)

ZAO Agroforce Group [www.agroforceg.com](http://www.agroforceg.com)

OOO Chelny Broiler [www.chelny-broiler.ru](http://www.chelny-broiler.ru)

Krasny Vostok Agricultural Holding [www.kvagro.ru](http://www.kvagro.ru)

OOO Belaya Dacha Alabuga [www.bdsalads.ru](http://www.bdsalads.ru)

Households in the region gathered 357,000 tonnes of vegetables, which is an 8.4% increase from 2013.

In 2014, milk production increased by 1.0% while egg output grew by 2.9% for all types of households.

Family farms are at the heart of a new and promising approach to the development of rural small businesses. The number of high-tech family farms already up and running is 405. Furthermore, this number is expected to reach around 1,000 in the next few years.

### A success story

#### Belaya Dacha

#### Project implementation milestones:

- 16 April 2010 – approval of the project by the Supervisory Board of Alabuga SEZ PPT;
- 22 July 2010 – signing of an agreement for industrial and production activities;
- 15 October 2010 – ground-breaking ceremony at the plant's basement;
- 29 August 2012 – grand opening ceremony for the plant.

The plant was built on a land plot measuring six ha. The project's implementation at Alabuga SEZ has helped to create more than 250 jobs.

Production capacity at the facility comes to 33 tonnes of finished goods per day.

Total investments in the project are estimated at over RUB 600 million (USD 10.7 million).

The plant is an exclusive supplier of fines herbs to the McDonalds chain of restaurants. The SEZ provides infrastructure support, beneficial administrative, tax and customs preferences, and supports efforts to expand its production capacity.

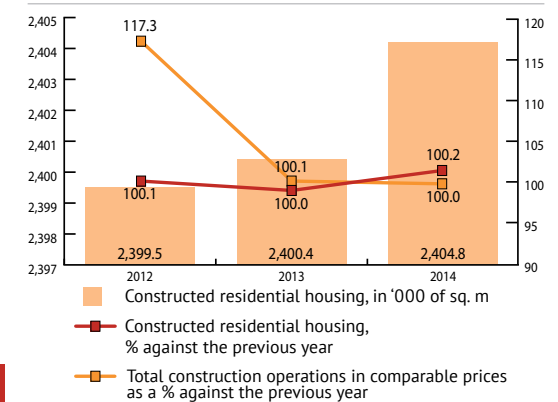
## Development, real estate, construction and manufacture of building materials

The construction sector includes the following:

- construction of residential houses;
- construction of non-residential buildings;
- construction of infrastructure.

In 2014, the construction volume totalled RUB 266.5 billion (USD 7 billion), or 100% in comparable prices against the 2013 level. The volume of constructed residential houses came to 2,404,200 sq.m., including 383,400 sq.m. built under the social mortgage programme.

### Dynamics of construction



### Foreign investments in the industry:

OOO Rockwool – Volga (Denmark) [www.rockwool.ru](http://www.rockwool.ru)

OOO Wienerberger-Kurkachi (Germany) [www.wienerberger.ru](http://www.wienerberger.ru)

OOO Kastomonu Integrated Wood Industry (Turkey) [kastamonu.ru](http://kastamonu.ru)

### A success story

#### OOO Rockwool-Volga (Denmark) – production of non-flammable heat insulators from rock wool

Nicholas Andrew Vince, CEO, Rockwool Russia (until 2012):

“ROCKWOOL Group has built a plant with the most powerful line of rock wool production in the world, having invested nearly USD 150 million and saved USD 12.6 million thanks to customs breaks.”



#### Project implementation milestones:

13 November 2007 – signing of an agreement for industrial and production activities in the Alabuga SEZ;

18 June 2010 – start of construction of the ROCKWOOL plant;

4 April 2012 – grand opening ceremony for the ROCKWOOL plant.

The plant produces new generation heat insulators – LIGHT BATTS SCANDIC thermal insulation. The item is produced under patented technology, which is one of a kind at the market. This know-how helps to compress the product by nearly 70%, while keeping all of its operational features in place. The product has more than once won the award "Product of the Year" for its high quality and popularity among consumers.

## Information technology

Over the past few years, Tatarstan has come to the fore in IT developments.

The republic's IT sector includes the following types of activities:

- mobile telecommunications;
- Internet access;
- software development.

The results for 2014 show that gross revenue from the IT and telecommunication industry totalled RUB 48.7 billion (USD 1,280 million). Total investments in developing key funds for enterprises in the industry in 2014 amounted to RUB 5.3 billion (USD 140 million).

The level of broadband Internet access reached 73% while the total number of Internet users in Tatarstan by all types of access exceeds 3.3 million.

More than 6,500 base station units are used in Tatarstan. In addition, the number of cellular subscribers increased to 6.5 million (cellular penetration now stands at 172%).

Furthermore, 4G technology is available in entire territory of Tatarstan.

Coverage by digital terrestrial TV broadcasting reached 86%. Also, broadcasting of II multiplex is available for 72% of the population.

### Main enterprises:

OAO Tattelcom [tattelcom.ru](http://tattelcom.ru)

BARS Group [bars-open.ru](http://bars-open.ru)

### Foreign investments in the industry:

ICL-KME CS [www.icl.ru](http://www.icl.ru)

### A success story

#### ICL-KME CS

ICL-KME CS is a leading Russian company offering integrated IT solutions and services, ranging from consultancy, design, implementation through to warranty service and maintenance of information systems regardless of scale.

ICL-KME CS was founded in 1991 by the Kazan Manufacturing Enterprise of Computer Systems (KME CS) and Britain's International Computers Limited (ICL).

Today, ICL-KME CS is Russia's biggest system integrator.

#### Joint venture history

1991 – establishment of a joint venture (ICL-KME CS JV): 51% held by ICL (International Computers Limited), UK, 49% – KME CS (the Kazan Manufacturing Enterprise of Computer Systems), (then USSR).

1994 – reorganisation into a joint stock company; the founders – ICL, the State Committee for Property Management of Tatarstan, and the Kazan Production Association of Computer Technologies Terminal.

1997 – reorganisation into an open joint-stock company.

2007 – main shareholders of the enterprise include Fujitsu Services Limited (before April 2002, the company's name was ICL), the Tatarstan Ministry of Land and Property Regulations.

In June 2013, OAO ICL-KME CS withdrew from Fujitsu Group. The controlling stake, earlier held by Fujitsu Technology Solutions (the Netherlands), was acquired by OOO Scientific and Production Association of Computer Systems (OOO SPA CS).



Innopolis is a new city in Russia with an economy based on high-tech industries. The intellectual heart of the new city is Innopolis University, which specialises in training specialists and carrying out research related to modern information technologies.

Today, Innopolis is a site for effective communication between representatives of research initiatives, educational institutions, and businesses. It was set up due to the

university's primary focus on the needs of the IT industry.

An important part of Innopolis, as well as an integral component of its investment appeal, is a special economic zone that fosters the most favourable conditions for its residents to do business along with the effective development of their projects.

[www.innopolis.ru](http://www.innopolis.ru)

## Services and tourism

The Republic of Tatarstan plays an important role in developing tourism in Russia and has continued to demonstrate positive dynamics according to key indicators. The annual increase of tourists in Tatarstan averages around 14.8%.

This positive trend remained throughout 2014 as well. The scope of services provided in the tourism industry (related industries not included) in 2014 totalled RUB 10 billion (USD 264 million). The increase in the scope of hotel services provided in 2014 was 28.9%, tourism services – 10.8%, and health resort services – 2.6% (compared to the indicators of 2013).

In 2014, Tatarstan was visited by **2.5 million** tourists and sightseers. This indicator grew by 16.3% against 2013.

International companies operating in the sector include Marriott, Ibis and Park Inn hotels; FlyDubai and Turkish Airlines; the McDonald's, KFC and Burger King restaurant chains.

Tatarstan is deemed to be one of the most developed Russian regions in the hotel services industry and is also the leader in the Volga Federal District by a number of core indicators for the hotel market. For instance, in 2014, 12 public accommodation facilities were opened in Tatarstan.

Today, more than **800 travel companies** are operating in Tatarstan, including 71 tour

### International companies operating in the sector:

Marriott, Ibis, Park Inn hotels; FlyDubai, Turkish Airlines; the McDonald's, KFC and Burger King restaurant chains.

operators (69 of them work in the domestic and international tourism sector).

In order to develop tourism infrastructure, it is necessary not only to construct new accommodation facilities, but also to create and restore places of interest. This includes reconstructing historical and cultural monuments of Kazan such as the ancient town of Bolgar, the island town of Sviyazhsk and other tourist centres in the region, as well as the development of new museums and tourism facilities.

### The ancient city of Bolgar

The Bolgar Historical and Architectural Complex is the world's northernmost monument of medieval Turkic and Islamic wooden architecture, and a unique sample of Tatar architecture of the 13th, 14th and 15th centuries. The museum is a one-of-a-kind valuable monument of ancient states (Volga Bulgaria, the Golden Horde, and the Kazan Khanate), which evidences their rich culture and way of life.

This ancient city has had a significant impact on the evolution of civilization.

In 2014, the Bolgar Historical and Architectural Complex was included on UNESCO's World Cultural Heritage List.

<http://Великий-болгар.рф>



### The island town of Sviyazhsk

The island town of Sviyazhsk is located 30 km from Kazan, in the estuary of the fast-flowing and deep Sviyaga River.

This unique city and fortress, built back in the 16th century, is an all-Russian orthodox sanctuary, which attracts many people from all over the country.

Unique orthodox churches are located on the island.

<http://www.ostrovgrad.org/>

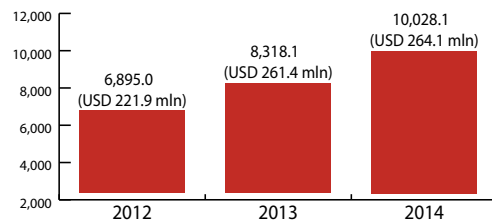
In 2014, the Verkhneuslonsky, Spassky, Rybno-Slobodsky and Kamsko-Ustyinsky Municipal Districts of Tatarstan prepared the "Five Winds" project to develop domestic and international tourism in the Volga-Kama basin. The project shall be implemented through a public-private partnership. There are four investment

proposals prepared to create tourism and recreational clusters on the banks of the Volga and Kama Rivers.

Based on the 2014 results, Tatarstan won the "My Planet" award as **"Best Region for Travelling in Russia"**.

Kazan also placed **third in a rating for developing tourism operations in Europe and eighth place globally** based on an assessment prepared by TripAdvisor, an international travel website.

Volume of tourism services, RUB million



## Conclusion

Tatarstan is the fastest-developing constituent region of the Russia Federation and has a wide range of competitive advantages. Located in the heart of Russia, the republic holds a strategic territorial position.

One of Tatarstan's priorities is to create the best possible conditions for developing entrepreneurial activities and supporting favourable investment climate.

These and other advantages have made the Republic of Tatarstan a leader in the national investment climate rating for Russia's regions.

One of Tatarstan's priorities is to create the best possible conditions for developing entrepreneurial activities and supporting a favourable investment climate. The region's main advantages include:

- a developed market;
- world-class infrastructure;
- tax preferences;
- highly qualified specialists;
- openness of state agencies for dialogue;
- a low level of bureaucracy;
- safety and stability.

*The Republic of Tatarstan is a reliable partner for both Russian and foreign investors.*



## Welcome to Tatarstan!



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