FICCI
Federation of Indian Chambers of Commerce and Industry

INDIA-RUSSIA

Identifying New Opportunities



Title : India-Russia: Identifying New Opportunities

Year : September 2017

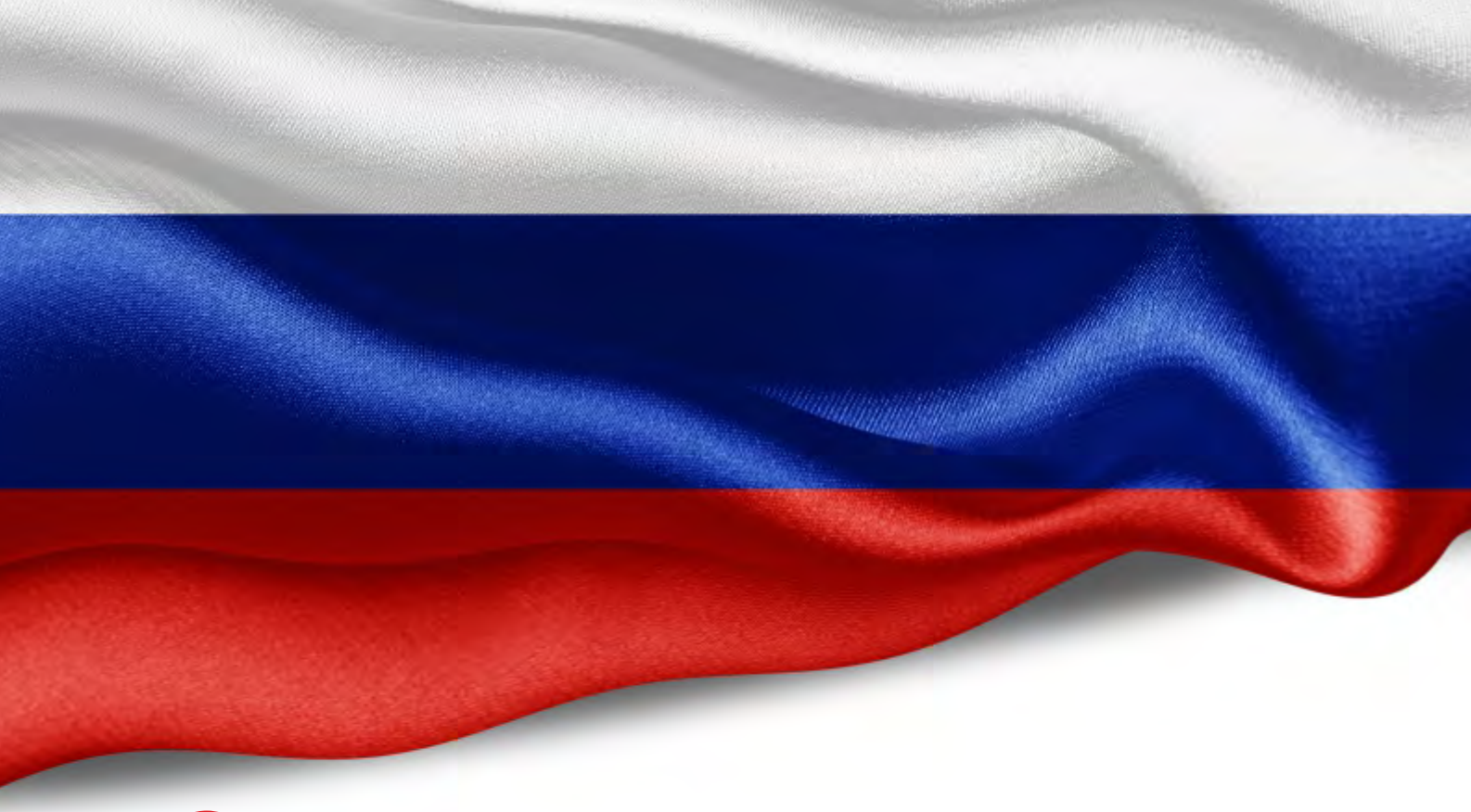
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1 Russian Federation Fact Sheet

Geographical profile	Capital	Moscow Russia is located in the eastern part of Europe and in the northern part of Asia
	Neighbouring countries	Russia shares borders with 16 countries. North-west – Norway and Finland West – Poland, Estonia, Latvia, Lithuania, and Belarus South-west – Ukraine South – Azerbaijan, Georgia, and Kazakhstan South-east – China, Mongolia, Democratic People's Republic of Korea East (maritime) – the USA and Japan
	Total area	17.1 million km^2 The Russian Federation has the largest land area in the world (as of January 1 2010 agricultural acreage amounted to 13% of the total area, forests – 51%, surface waters (including marsh) – 13%)
	Climate	January from 0 °, –5 °C (Northern Caucasus) to –40 °, –50 °C (east of Sakha (Yakutia) where the lowest temperatures can reach –65 °, –70 °C); July from 1 °C (northern Siberian coast) to 24–25 °C (Caspian lowlands)
	Coastline	37,653 km. Surrounded by 12 seas. Arctic Ocean (Barents Sea, White Sea, Kara Sea, Laptev Sea, East Siberian Sea, Chukchi Sea) Pacific Ocean (Bering Sea, Sea of Okhotsk, Sea of Japan) Atlantic Ocean (Baltic Sea, Black Sea, Sea of Azov)
	Natural resources	Russia ranks 1st in the world for oil and gas production, exports of steel, primary aluminum and nitrogen fertilizers. Russia is also the largest in terms of reserves of tin, zinc, titanium, niobium, nickel, iron ore, drinking water, crabs, sturgeon, natural gas, peat, wood, salt, diamonds and silver.
	Railways	Russia has the longest railway in the world. The Trans-Siberian Railway is the longest railway in the world. total: 87,157 km

	Airports	1,218 (2013)
	Heliports	49 (2013)
	Roadways	total: 1,283,387 km paved: 927,721 km (includes 39,143 km of expressways) unpaved: 355,666 km (2012)
	Waterways	102,000 km (including 48,000 km with guaranteed depth; the 72,000-km system in European Russia links Baltic Sea, White Sea, Caspian Sea, Sea of Azov, and Black Sea) (2009)
	Provinces	46 provinces
	Administration	Federal (Federation Government)
	Legal system	Civil law system; judicial review of legislative acts
	Governance structure	President elected by popular vote for a six-year term (eligible for a second term); election last held 4 March 2012 (next to be held in March 2018)
Demographic profile	Population (2015 estimates)	146.3 million people (as of January 1, 2015) Population is heavily concentrated in the westernmost fifth of the country extending from the Baltic Sea, south to the Caspian Sea, and eastward parallel to the Kazakh border; elsewhere, sizeable pockets are isolated and generally found in the south
	Birth rate	11.3 births/1,000 population (2016 est.)
	Life expectancy	total population: 70.8 years male: 65 years female: 76.8 years (2016 est.)
	Death rate	13.6 deaths/1,000 population (2016 est.)
	Sex ratio	0.86 male(s)/female (2016 est.)
	Age structure	at birth: 1.06 male(s)/female 0-14 years: 1.06 male(s)/female 15-24 years: 1.05 male(s)/female 25-54 years: 0.96 male(s)/female 55-64 years: 0.75 male(s)/female 65 years and over: 0.45 male(s)/female total population: 0.86 male(s)/female (2016 est.)
	Median age	total: 39.3 years male: 36.4 years female: 42.3 years (2016 est.)

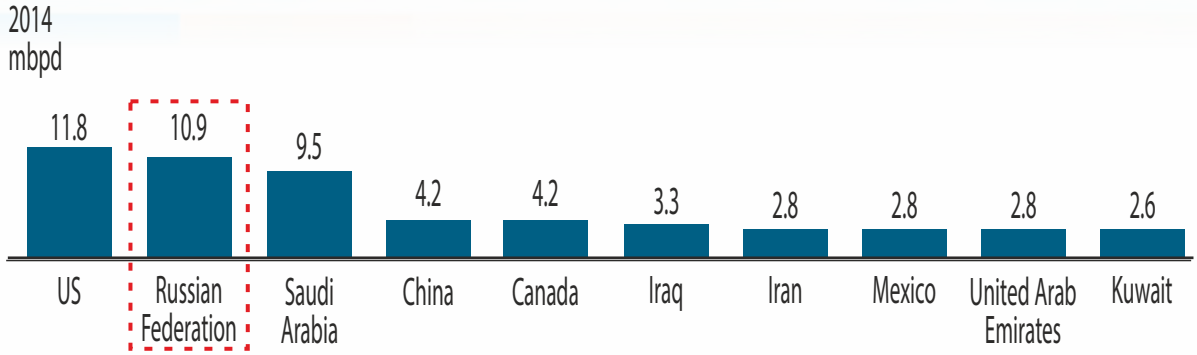
Cultural diversity	Religions	Russian Orthodox 15-20%, Muslim 10-15%, other Christian 2% (2006 est.)
	Language	Russian (official) 85.7%, Tatar 3.2%, Chechen 1%, other 10.1% note: data represent native language spoken (2010 est.)
Education and labor force	Literacy	definition: age 15 and over can read and write total population: 99.7% male: 99.7% female: 99.6% (2015 est.)
	Labor force	Highly educated labour force. One of the 7 leading countries by the number of Nobel Prize winners, most prizes awarded for achievements in the field of physics.
Political profile	President	Vladimir Putin
	Prime Minister	Dmitry Medvedev
Economic Profile	GDP	1.283 trillion USD (2016)
	Currency	Rouble (RUB)

Why Russia?

- Advantageous position between Europe and Asia - location of distribution channels;
- Rich natural resources (> 20% of the world resources);
- Russia is the 6th largest economy in the world by the GDP
- Russia has 9th largest domestic market in the world (consumer spending account for 70-75% of income);
- Balanced labor cost and workforce skills, high level of education, strong labor market (unemployment rate is 5,5%);
- Growth of Russian stock market capitalization by 22 times;
- Developed infrastructure;
- Policy to reduce bureaucracy and corruption;
- Economy diversification, reducing dependence on oil and gas sector.

Russia vs Rest of World comparison

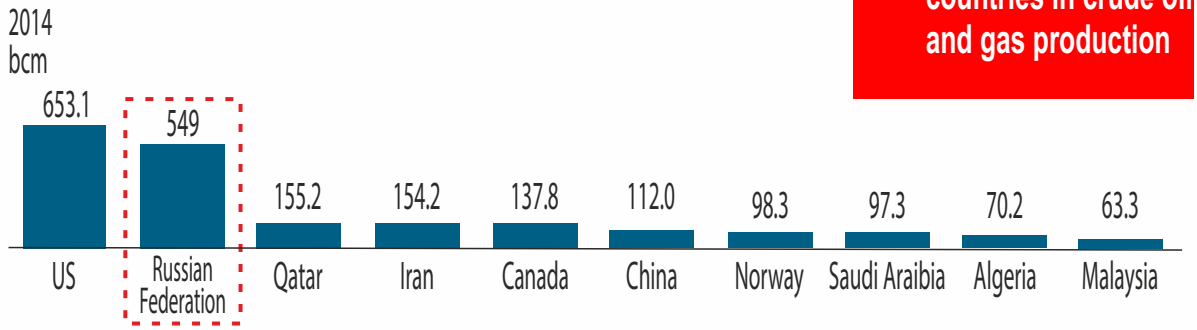
Oil Production



Source : International Energy Agency - Oil Market Report

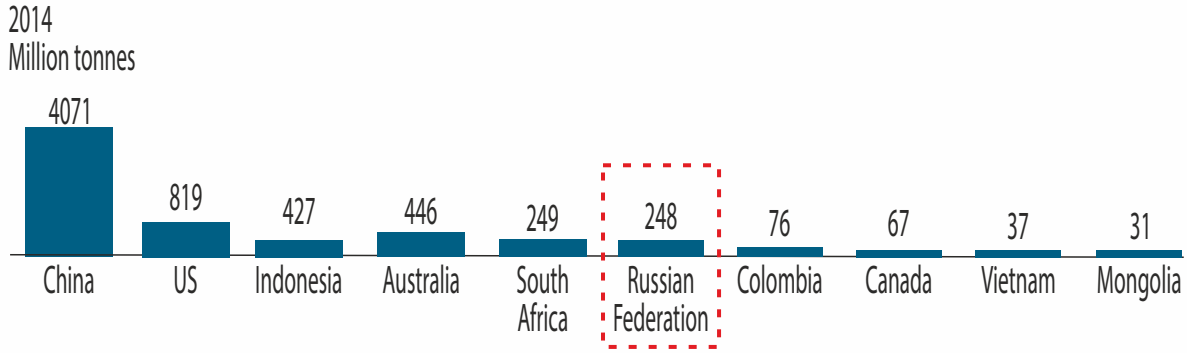
One of the leading countries in crude oil and gas production

Gas Production



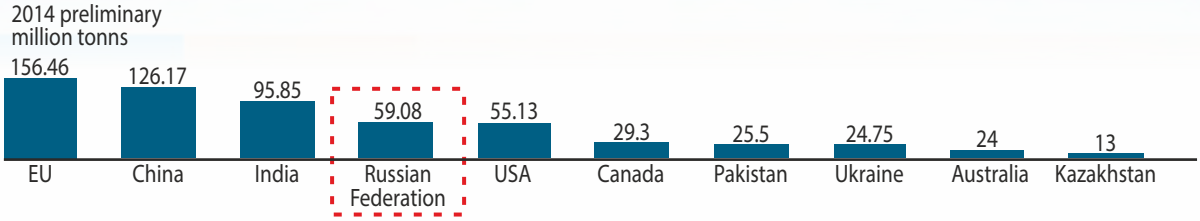
Source : Euromonitor International from BP Amoco, BP Statistical Review of World Energy 2014

Coal Production (total marketable production)



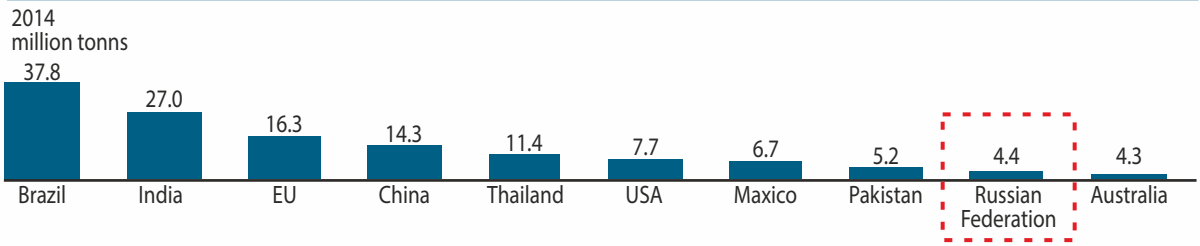
Source : Wood Mackenzie 2015

Wheat



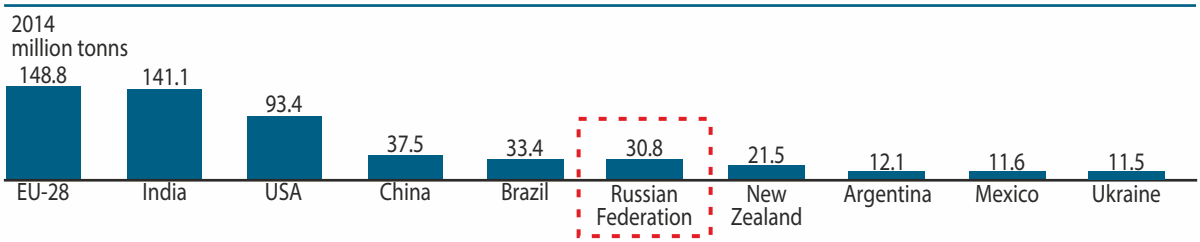
Source : USDA

Centrifugal sugar



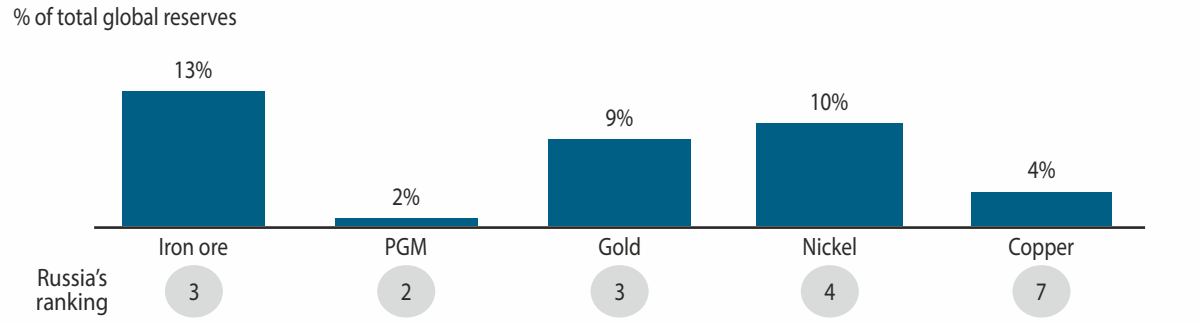
Source : USDA

Milk



Source : USDA

Global Leader in Metal Reserves



Source : US Geological Survey, 2015

2 Russian Far East

Why the Russian Far East



Area of Coastline	16,000 km
Population:	6.7 million (5% of Russia's population)
Climate:	Basically cold and temperate
Natural resources	Gold, diamonds, tin, oil, natural gas, minerals, timber, fish & marine products, raw boron, tungsten, soybeans & others

	Ease of doing Business	Starting a business	Getting Credit	Trading across Borders	Resolving Insolvency
Russia	40	26	44	140	51
India	130	155	44	143	136

Russia is seldom thought of as an Asia-Pacific country. Yet it is one — thanks to its Far East. The Russian Far East (RFA) is a huge area of Northeastern Eurasia stretching from Lake Baikal to the Pacific Ocean.

Allowing Russia direct access to the Asia-Pacific region, the RFE makes it a truly transcontinental nation, the only other such a country being the U.S.

Constituting over **one-third of Russia's territory**, home to major natural resource deposits, and essential to maintaining increasingly valuable Asian trade routes, the Far East Federal District is a **strategically important** asset for Russia.

The RFE contains all kinds of natural treasures — oil and natural gas, iron ore and copper, diamonds and gold, pristine fresh water (Lake Baikal alone has 20 percent of the world's unfrozen surface freshwater), timber and fish stocks

The entire vastness of the RFE contains just over 6 million residents. Being remote from, and having tenuous transportation links to, the country's European core, suffering from underdevelopment and the lack of infrastructure, the RFE is a source of constant concern for Moscow.

Russia is looking at further strengthening of trade & investment cooperation between India and the regions of the Russian Far East.

Russia Far East – Basic Facts

- **Natural population growth** (5,431 in 2016 YoY) ; the **migration outflow down 1.5** times
- **Increased industrial output** for the second year running – up 1% in 2015 and 2016.
- Stabilized labor market, **unemployment rate standing at 1.6%**
- Advanced development territories (ADT), the Free Port of Vladivostok, subsidies for infrastructure investments, and financing of the Far East Development Fund.

- By late 2017, these incentives are expected to bring **RUB 1.67 trillion** worth of investments to the Russian Far East.
- The Free Port of Vladivostok's customs checkpoints now work **24/7**.
- A one-stop shop system has been set up for cargoes crossing the national border, with electronic declaration of goods and green corridors for foreign trade operators put in place.
- The Far East Development Fund has **13 projects** in its portfolio, with investments totalling **RUB 115 billion.**
  - The Fund launched its Voskhod Investment System, an online platform for companies and projects of the Far East seeking to tap into debt and equity capital.
  - Jointly with partner banks, the Fund developed an **SME lending program**.
- New transport infrastructure will **link the Far East to domestic and external markets** to boost the region's investment case.
- In 2016, the Russian Government approved the Concept for the Development of International Transport Corridors Primorye-1 and Primorye-2.

The Primorye Territory's contribution to the gross regional product is projected at **RUB 30 billion per year.**

International Importance of the Russia Far East

- The Russian Far East has historically served as the springboard for trade with the Far Eastern nations of **China, the Koreas, and Japan**.
- China is Russia's **number two** trading partner overall after the European Union, and Japan is its fifth largest source of imports, mostly cars and electronics.
- The Russian government is prioritizing trade relations with the Far Eastern nations and has been successful in scoring several valuable partnerships.
  - **South Korea and Russia**, for instance, are collaborating on the construction of an industrial complex in Russia's Nakhodka Free Economic Area and on the development of gas fields around Irkutsk.
  - There are also plans to connect the **Trans-Siberian to Korea's rail network**, facilitating the transport of South Korean exports to Europe. However, this would require a fully reconnected inter-Korean transport system, severed by the Korean War and still effectively unusable due to continued tensions.
- Vladivostok will host the **2012 Asia-Pacific Economic Cooperation (APEC) Conference**. Several massive projects are being carried out in preparation, including the development of Russky Island with business, sport, and university complexes and a massive bridge.

Far East and the world

International relations

- **North Korea's nuclearization and disobedience of international law** have caused Putin to backtrack. In addition, North Korea's recent attack on South Korea has triggered an exodus of North Korean immigrant workers from the Russian Far East, as they rush home to join what may soon be a war effort. North Korean immigrants are a **significant source of cheap labour to the Russian Far East**.

- Russo-Chinese relations are currently at **an all-time high**. In 1995, 2004, and 2008, a series of long-standing border disputes were resolved by the two countries. On January 1, 2011 the **Eastern Siberia – Pacific Ocean (ESPO) oil pipeline** began oil shipments to China, the pipeline's biggest beneficiary (it will also serve the Koreas and Japan). In late 2010, in a move to boost their own currencies, Beijing and Moscow **bilaterally switched to domestic currencies** for use in their growing trade relations, dropping the US dollar. This signals Russia's commitment to China as a serious trading partner and ally, and one that may overshadow the EU in importance someday.

- Although Russo-Japanese trade relations are lucrative, political relations are greatly hindered by a **dispute over the Kuril Islands**. These islands are officially under Russian jurisdiction, but Japan claims four of them as its own. The conflict arose after World War II, when Japan was forced to abandon the islands, but the Soviet Union was not explicitly granted sovereignty over them. In large part because of this disagreement, the two countries have actually never signed a treaty to formally end their WWII conflict. A 2008 decision by the Japanese government requiring that school textbooks state that Japan has sovereignty over the islands reignited tensions. Dmitri Medvedev's 2010 visit to the islands ignited tensions further. The islands are rich sources of fish and also home to mineral deposits of pyrite, sulfur, and various polymetallic ores. Forming a barrier between the open sea and the still more important Russian island of Sakhalin, with its oil, gas, new liquefied natural gas plant and export hub, the islands are also of militarily strategic importance. Russia maintains a military presence on the Kurils.

Opportunities for Indian Industry

The Russian Far East is courting Indian investment and participation in the Territories of Accelerated Development, special economic zones in the Russian

- Special Economic Zones: A one-stop shop for investors - offer tax breaks and other incentives to foreign investors

- Investment opportunities and incentive to invest in the Russian FE
- Ease of Travel – visa free (to select Russian cities including Vladivostok) access to the Region
- Modern infrastructure and creating special economic regimes in the Far East
- Education: University in the Region is offering medical courses in English

The **potential areas of collaboration** between India and the Russian Far East are as under:

- Agriculture: Agriculture and Agri processing
- Timber
- Oil & Gas/Renewables
- Minerals & Mining
- Tourism
- Pharmaceuticals & Ayurveda

3 Reverse SEZs with Russian Far East

Background

India has large and growing domestic market for almost any type of raw material and manufactured goods, be for the industry or for the food sector. Though India is also very rich in raw material, mineral & agricultural resources, due to our growing demand, there is high dependence on imports which leads to adverse impact on our balance of payments. This also increase our vulnerability to external factors, when it comes to consistency of supplies to Indian consumers.

To facilitate smooth supply of agricultural and mineral resources for production of value-added industrial & agricultural products, India needs to look at long-term bilateral arrangements with resource rich destinations like the Russian Far East. The Russian Far East offers vast tracks of arable land for agriculture and almost any mineral resources, one can think of on earth. Hence, tie-ups with local sources in resource rich regions like Russian Far East, could help mitigate any inconsistency of supplies to Indian consumers. This could involve two approaches:

1. Long-term purchase agreements for these resources which would offer certainty of supplies.
2. Investment in these resource rich regions with arrangements for 100% buy-back, possibly with some local value addition.

This would benefit economy of Russian Far East by way of job creation and additional economic activity and concurrently assist India in reducing its import bill by bringing in intermediate products at lower-than-market prices for further value addition within India.

Once the agricultural produce or mineral resource is procured from such a destination, companies can either do some local value addition, so that partially processed raw material & intermediaries can be shipped. The partially processed material can be brought back to India and the finished products can then be supplied to local Indian market or even exported. Alternatively, a finished product itself can be produced locally. If a fully finished product is produced locally in the resource rich destination like Russian Far East, then the finished product can be sold in India or even in other parts of the world. But this would increase our import cost and adversely impact balance of payments. Hence, this is not a desirable option.

To enable such a business value chains, regions like Russian Far East need to establish Special Economic Zones (SEZs) for raw material processing. When the output is brought back to India for further value addition, the concept is termed as **"Reverse SEZ"**. We are sharing below an example of this concept for the Chemicals sector, which FICCI has promoted with Iran. Such a concept of Reverse SEZ can very well be applied in case of Russian Far East too.

Reverse SEZs Example

India has a large and growing domestic market and the proven capability to meet the requirements of markets abroad in the chemical/petrochemical sector, it is short of feedstocks for fertilizers and petrochemicals, such as crude oil (the source of naphtha and LPG) and natural gas. Imported natural gas, as LNG, has a very high cost due to liquefaction and transportation. Consequently, India has become a large importer of fertilizers and petrochemicals, as finished products. This leads to an adverse impact on the balance of payments, apart from increasing vulnerability to external factors.

One approach to partly mitigate this vulnerability is to identify destinations which have large availability of feedstocks (such as Natural Gas, Ethane and Propane) and to set up facilities there on a 100% buyback basis, under bilateral long term agreements. Some possibilities are outlined below:

- **Natural Gas (Methane)** as a source to make Methanol and Ammonia. Methanol and Ammonia to be made abroad in Reverse SEZ. Ammonia and Methanol can be imported into India for further value addition (such as Fertilizers and MTO/MTP) whereas Urea can be brought in on a cost-plus-agreed return basis to reduce the farmer subsidy
- **Ethane** can be cracked to Ethylene in Reverse SEZ which can then be imported for further processing and making various derivatives.
- **Propane** can be subjected to PDH (Propane Dehydrogenation) and made into Propylene in Reverse SEZ. Thereafter it could be brought to India for downstream processing and value addition.

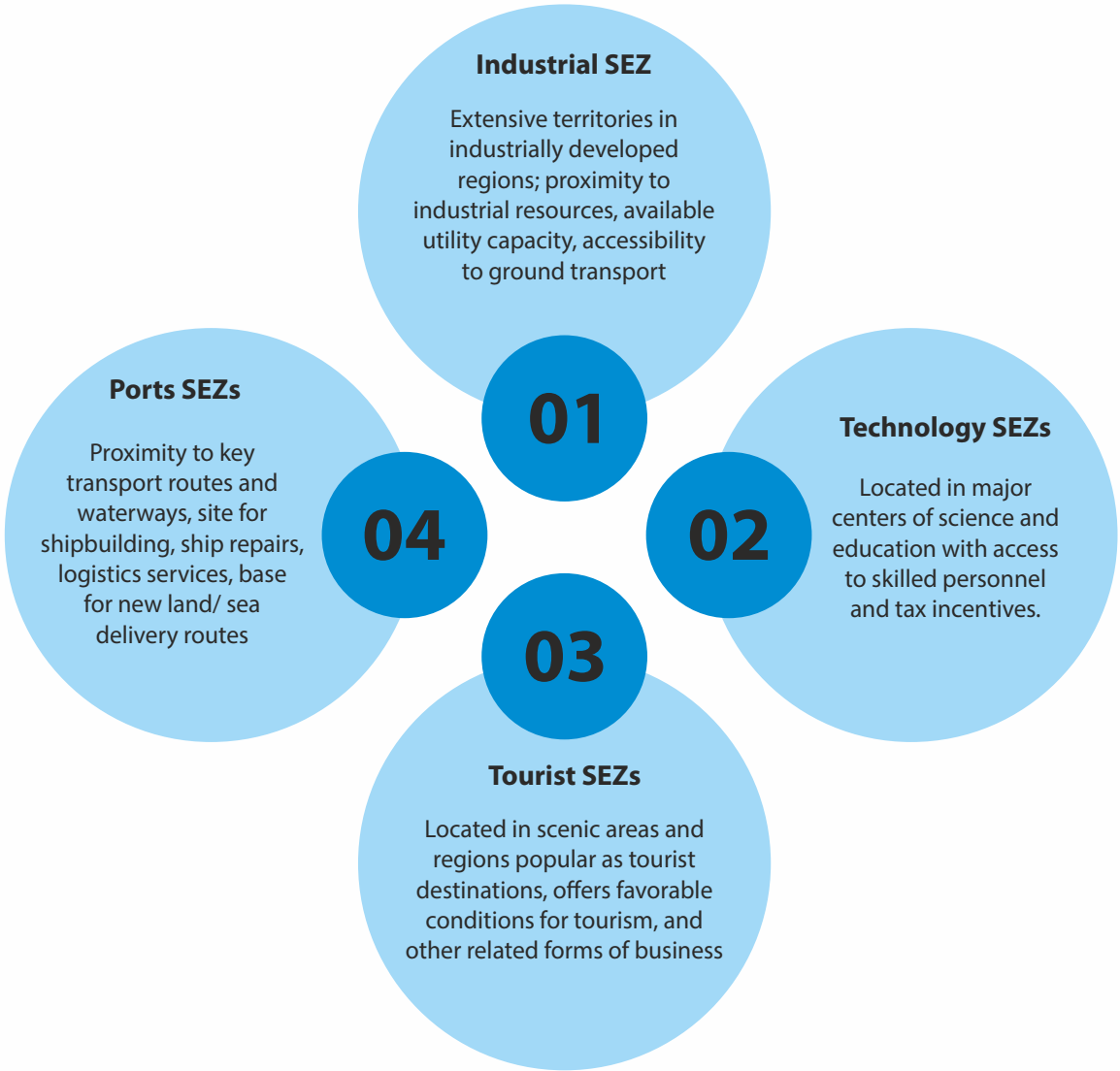
FICCI has proposed the concept of Reverse SEZ for the Department of Chemicals and Petrochemicals, National Manufacturing Competition Commission, as a way forward for the growth of Indian chemical industry.

A reverse SEZ is proposed to be set up in Chabhar Port area of Iran for manufacturing of industrial chemicals that are used in abundance by Indian companies. To begin with, one such chemical proposed is methanol or methyl alcohol.

As per this proposal, the Indian companies either in consortium or in joint venture with foreign partners or standalone will set up unit in Iran for manufacturing of methanol. This primary chemical will then be exported back to India where the companies could use it for manufacturing of end use chemicals. "Thus while the Indian chemical companies could get the supply of the feedstock at a discounted price compared to the imported price, end—use products — specialty chemicals — could be manufactured for use in India and for exports thus making the slogan of 'Make in India' worthwhile. The feedstock will be primarily used for value addition in India."

SEZs in Russia : What are they?

- Areas with a special legal status and economic benefits designed to bring more investment into priority sectors of the Russian economy.
- Formed under a federal program overseen by the Russian Ministry for Economic Development.
- The state management company Special Economic Zones OJSC (SEZ OJSC) manages the majority of SEZs and is responsible for recruiting and assisting resident companies.



SEZs in Russia : Current scenario

As of the start of 2015, Russia had thirty special economic zones, including the Northern Caucasus Resorts cluster, which includes nine SEZs.

According to SEZ OJSC, in 2015, the SEZs had 375 registered residents, employing over 13,000 people. The proposed investments by residents total ~ RUB 500 billion.

We can identify three stages of SEZ development with their characteristic features:

- Zones in operation, where infrastructure is complete and there are resident companies in operation
- Zones in the formative stage, where infrastructure is under construction and there are resident companies in operation
- Planned zones, where pre-project and project work is underway

SEZs by state of preparedness and type

Type of SEZ	In operation	In the formative stage	Planned	Total
Industrial	Alabuga, Lipetsk, Togliatti	Lyudinovo, Moglino, Titanium Valley	Lotus, Vladivostok	8
Technology implementation	Dubna, Zelenograd, St. Petersburg, Tomsk	Innopolis		5
Port		Ulyanovsk-Vostochny	Murmansk, Sovetskaya Harbor	3
Tourist and recreation	Biryuzovaya Katun	Baikal Harbor, Gates of Baikal, Altai Valley, Northern Caucasus Resorts (two SEZs)	Northern Caucasus Resorts (seven SEZs), Russky Island (Vladivostok)	14
Total	**8**	**10**	**12**	**30**

Source: Special Economic Zones OJSC

FDI leaders in SEZ

1. USA- USD 708 mn
2. Japan- USD 493 mn
3. Turkey- USD 423 mn
4. China- USD 372 mn
5. Germany- USD 248 mn
6. France - USD 120 mn
7. Switzerland- USD 87 mn
8. Italy USD 74 mn

Residents' Activities: Production, Services, R&D

- Motor vehicles and component production
- Building materials production
- Machinery
- Medical and biotechnologies,
- Pharmaceuticals
- IT
- Micro-electronics
- Tourism
- Nanotechnologies
- Aviation equipment production
- Technical maintenance and repair of aircrafts and ships
- Household appliances production and consumer goods
- Resource-saving technologies
- Petrochemistry
- Agriculture and food production

SEZs in Russia : Incentives

- Residents' initial outlays are held to 30% of their capital investments by granting tax, customs and other benefits
- The construction of common utility and transport infrastructure is funded by federal and regional budgets
- Free customs zones means that import duties and VAT are not charged on equipment, parts and materials imported into SEZs, and export duties are not charged on goods produced in an SEZ and exported to countries outside the Customs Union (other than Russia, Kazakhstan and Belarus)

Tax benefits for residents by type of SEZ

Type of SEZ	Profits tax	Corporate assets tax	Transport tax	Social contributions*
Industrial zones	0% to 13.5% for 10 years	Exemption/ benefit	Possible exemption	14% to 28%
Technology implementation zones	13.5% to 15.5% for 10 years	Exemption	Exemption for 5 to 10 years	
Tourism and recreation zones	13.5%	Reduction to 0%	Possible exemption	
Port zones	2% to 15.5% for 10 years	Reduction to 0% for 5 years	Exemption for 10 years	–

* In Industrial zones, benefits with respect to social contributions are provided only to residents engaged in technology Implementation

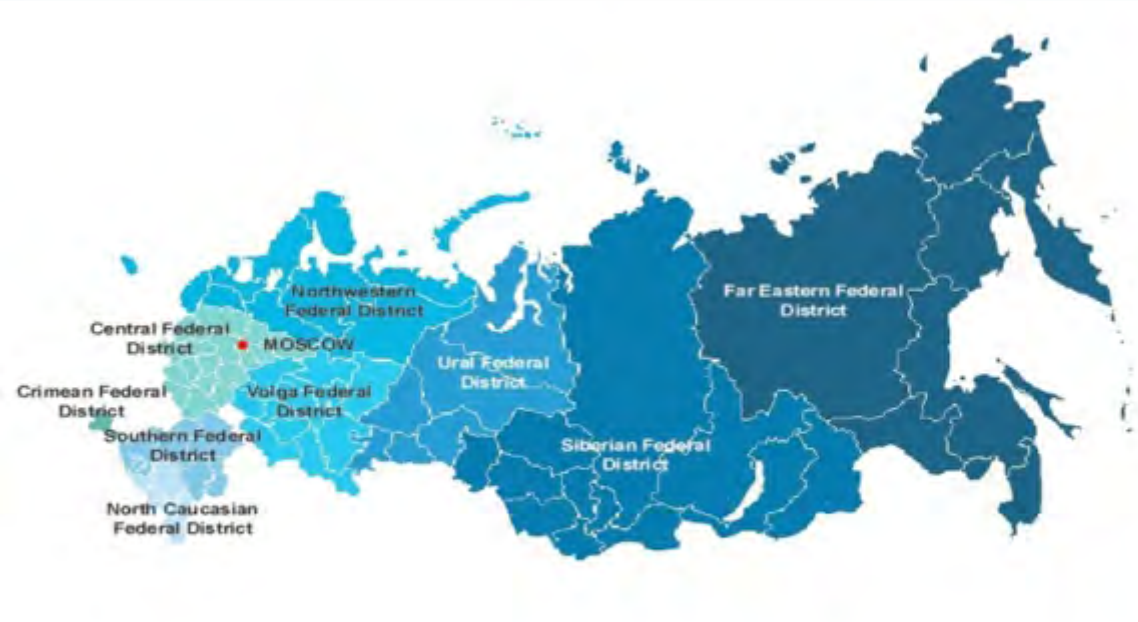
Tax exemptions for ADZ residents

Mineral extraction tax	Profits tax	Assets and land tax	Transport tax	Social contributions
0% for 4 years, subsequently raised incrementally to 100%	No more than 5% for the first 5 years, no less than 10% for the next 5 years	Possible exemption	–	7.6% for 10 years

Tax type	Russia	SEZ	Effective period
Income tax	20	0-15.5	For the SEZ residency period
Property tax	2.2	0	10 years
Land tax	1.5	0	5 years
Transport tax (Euro/hp)	0.1-3.5	0	10 years
Social payments	30	14 21 28	till 01.01.2018 till 01.01.2019 till 01.01.2020
Land purchase price	100% market price	4-50% of cadastral price	For the SEZ residency period

4 Special Economic Zones in Russia

Map of Russia



Special Economic Zones



Presence of Global Companies'

- Russia is home to more than 550 global companies
- More than 90 foreign investors from 29 countries
- Total amount of the announced investments by Resident companies: More than 11 USD bn
- Total amount of the fulfilled investments by Resident companies : More than 3.5 USD bn



Snapshot of few companies in the Russian market

Company Name	Company Profile	Milestones: History in Russia
ABB	• Formed in 1988 by merger of two long-established Swiss and Swedish engineering groups, head office in Switzerland. • Portfolio: a) HV Apparatus 110?220 kV b) Live and dead tank circuit breakers 110?220 kV c) Bushings for HV transformers and breakers d) Medium voltage switchgear and equipment	• ABB Turbozam, was established in 1992 in St. Petersburg. • In 1998, ABB in Russia was represented by 16 operating companies, most of them were Jvs. • As of 2015, more than 1,500 employees, 8 local production facilities and 20 local sales and service offices.

	e) Relay Protection & Substation Automation Systems f) Power cables with XLPE insulation 10?110 kV g) Digital equipment high-frequency communications.	
Alcoa	• World leader in the production and management • of alumina, primary aluminum, and fabricated aluminum. • Serves the aerospace, automotive, packaging, building and construction, commercial transportation and industrial markets, bringing design, engineering, production and other capabilities. • Alcoa's Russian fabricating facilities Alcoa SMZ and Alcoa Metallurg Rus produce a wide range of flat-rolled, extruded and forged products	• In 1997, facility in Lyubuchany to manufacture plastic closures for the packaging and consumer goods market. • In 2005 acquired Samara Metallurgical Plant (now Alcoa SMZ) and Belaya Kalitva Metallurgical Manufacturing Association (now Alcoa Metallurg Rus) • Since 2005, total investments in Alcoa Russia (including the cost of the acquisition) nearly US$750 million
BASF	• 1972, company's representative office opened in Moscow. • 1990s Wintershall AG, a BASF subsidiary (today – Wintershall Holding GmbH), established the first JV with Gazprom to implement joint oil and gas projects. • In 1993, BASF ZAO established to coordinate the company's activities in Russia and the CIS countries	• 1877 Textile dyes factory opened • 1993 BASF ZAO established • 1999 Agreement on strategic cooperation between BASF • and Gazprom concluded • 2010 Branch in Yekaterinburg opened. • Nowadays BASF, Russia/CIS has approximately 1,000 employees.
BP	• Activities cover oil and gas exploration and production, lubricants, chemicals and lubricants for the marine market with focus on TNK-BP, third largest	• TNK-BP has majority of its assets in Russia. It was formed in August 2003 from the assets • of TNK (Tyumen Oil Co.), Onako, Sidanco and the majority of BP's

	vertically integrated oil and gas company (in terms of liquids production), and on the exploration work in the Sakhalin region. • Activities in Russia can be grouped into : lubricants, BP Marine, Air BP and Integrated Supply and Trading (IST). • Employs > 60,000 people, operates in nearly all of Russia's major hydrocarbon regions • Average daily production in 2009 was 1.89 million boe/d. • In 2009 the company commissioned two new major fields - Uvat and Kammenoye.	assets in Russia. The company is 50% owned by BP and 50% by a group of Russian investors: Alfa Group, Access Industries and Renova (AAR). TNK-BP also owns a 50% interest in Slavneft
3M	• A recognized leader in research & development, 3M produces thousands of innovative products for dozens of diverse markets such as consumer and office, display and graphics, electro-communications, health care, industrial and transportation, safety, security and protection services. • Core strength is applying its more than 40 distinct technology platforms to a wide array of customer needs. • With $25 billion in sales, 3M employs 79,000 people worldwide and has operations in more than 65 countries.	• 3M company products first appeared in Russia (or more precisely, the former USSR) in 1970.
British American Tobacco	• British American Tobacco has developed from a representative office with several dozen trade representatives into one of the leaders on the Russian tobacco market (with over 21% market share),	• 1991; opens its first office in Russia • 1999 global merger with Rothmans International, takes over Rothmans- Nevo Tobacco Factory (now BAT-SPb)

	• Employing more than 3,900 people, operating three major manufacturing facilities and represented in 673 cities across Russia.	• 2004 the Russia supply chain covers all of Russia; total investments volume crosses $520 million • 2009 comprehensive investment program is finished: production capacity increased from 86 billion sticks to 115 billion sticks per year, new environmentally friendly machinery installed.
Cargill	• Cargill is an international producer and marketer of food, agricultural, financial and industrial products and services. • Founded in 1865, the privately-held company employs 138,000 people in 67 countries.	• First grain supplies to the USSR in 1963 • 1991 saw the opening of the first Cargill office in Russia. Currently, 3 enterprises operating in Russia ; in Efremov, Krasnodar& Rostov-on-Don. • Employees in Russia over 1,400. • Invested over $680 million into the development of the country's agriculture and food industry.
Eni	• Major integrated energy company, committed to growth in the exploration, production, transportation, refining and marketing of oil and gas. • The company works in 77 countries with outstanding expertise and holds leading • positions in the primary international markets. • Its staff is made up of more than 78,000 people. • Listed on both the Italian and the New York Stock Exchanges. In 2009 it posted consolidated revenues equal to EUR83.3 billion with a net profit of EUR4.6 billion	• First agreement signed in 1950s for purchase of oil, Eni supplied equipment, know-how and services. • First contract for the supply of natural gas in 1969, Eni and Gazprom, the world's leading gas producer, continued and developed up to the present and that has transitioned, in 1998, from a technical-commercial one to an entrepreneurial-industrial one. • 2006 agreement creating joint projects in gas midstream and downstream, oil and gas upstream and for technological cooperation.

Cargill	• Cargill is an international producer and marketer of food, agricultural, financial and industrial products and services. • Founded in 1865, the privately-held company employs 138,000 people in 67 countries.	• First grain supplies to the USSR in 1963 • 1991 saw the opening of the first Cargill office in Russia. Currently, 3 enterprises operating in Russia ; in Efremov, Krasnodar& Rostov-on-Don. • Employees in Russia over 1,400. • Invested over $680 million into the development of the country's agriculture and food industry.
Coca- Cola	• Business in Russia consisting of The Coca-Cola Company and its bottling partner Coca-Cola Hellenic has made a serious long-term commitment to Russia, investing over $2 billion till 2015. • The Coca-Cola business in Russia is the country's largest foreign investors in the non-alcoholic beverage sector. • It employs over 10,000 qualified Russians • The expanding range of beverages includes more than 400 types of products in different packages, including Coca-Cola, Fanta, Sprite, Bon Aqua, Schweppes, Fruktime, Dobry, Nico Biotime etc.	• 1994, country's first Coca-Cola plant in Moscow, followed by a network of state-of-the-art bottling operations and distribution centers • In 2001, Coca-Cola Hellenic acquired all Coca-Cola factories in Russia. • A new plant, which will be the 15th, is to open soon in Rostov.
Deutsche Bank	• Full-service bank providing local and international, corporate and private clients with a broad range of financial services, comprising corporate finance and advisory, sales, trading and transaction banking, as well as private wealth management and asset management services. • The bank includes the largest Russian and multinational companies among its client base.	• Began its operations in 1881 • Deutsche Bank Russia, a wholly-owned subsidiary of Deutsche Bank AG, established in 1998 with US$50 million. • Currently one of the largest foreign banks in Russia. • In September 2008 signed an agreement with UFG Asset Management (UFG AM) for a strategic partnership. • Acquired a 40% stake in UFG Invest.

European Bank for Reconstruction and Development	• An international financial institution based in London and owned by 62 governments, was created in 1990 with the key objective of promoting the transition to market economies in the former socialist countries of Europe. • The bank achieves this through the provision of long-term loans and equity to finance investment projects.	• Russia the largest country of operation accounts for approximately 1/3rd of the bank's total activities. • Started its operations in 1991 and currently has a network of 7 regional offices. • Invested in 606 projects for EUR13.8 billion. • One of the largest investors in Russia and with the most diversified portfolio • As of 31 December 2009, active portfolio reached EUR7.5 billion in a wide variety of sectors.
Enel	• One of the largest electric power companies in Italy, Spain, Slovakia and major Latin American countries, and 2nd largest listed utility company in terms of installed capacity. • After acquisition of Endesa, the Spanish electric power company, presently operates in 23 countries, total installed capacity exceeds 95,000 MW. • Nearly 61 million customers.	• June 2004, won a tender for management of power plant in St. Petersburg, in partnership with the local private group ESN Energo. • Since then capacity of Northwest Thermal Power Plant doubled, to 900 MW • Acquisition of OGK-5, generation companies included by RAO UES in the Russian power sector privatization plan
Wockhardt Ltd.	• Global pharmaceutical and biotechnology organization providing affordable high-quality medicines. • Incorporated on July 8 1999. • India's leading research-based global healthcare enterprise in the fields of Pharmaceuticals Biotechnology and a chain of advanced Super Speciality Hospitals. • Has 12 manufacturing locations and 5 R&D locations,	• Wockhardt Bio ®, incorporated in Russia, is a subsidiary of Wockhardt Bio AG. • Wockhardt Bio (R) LLC in Russia incorporated on August 25, 2015

	headquartered in Mumbai India, with full-fledged operations in the USA UK Ireland and France. • Company's output includes steriles (injectables) bio pharmaceuticals orals (tablets and liquids) and topicals (creams and ointments).	
ONGC Videsh Ltd.	• Miniratna Central Public Sector Enterprise (CPSE) of the GoI, wholly owned subsidiary and overseas arm of ONGC, the flagship national oil company (NOC) of India. • The primary business of ONGC Videsh is to prospect for oil and gas acreages outside India, including exploration, development and production of oil and gas. • ONGC Videsh owns Participating Interests in 38 oil and gas assets in 17 countries and produced about 23.4% of oil and 18.9% of India's domestic oil and natural gas production respectively in FY'17.	• Acquired 26% equity for a consideration of US$ 2.198 bn in CSJC Vankorneft. • Rosneft Oil Company, NOC of Russia holds 50.1% shares in Vankorneft. Indian consortium of Indian oil PSUs comprising Oil India Limited, Indian Oil Corporation Limited and Bharat Petro Resources Limited holds the remaining 23.9% equity.

5 Business environment

Russia's economy saw a slowdown in 2013, after a continued period of moderate growth.

However, the overall macroeconomic situation continued to remain favourable.

Globally, the developments of 2014 have greatly affected the investment climate in Russia, along with sentiments of foreign investors operating in the country.

Introduction of sanctions against Russia and a plunge in oil prices was seen as a major challenge.

Foreign Investment Advisory Council in Russia (FIAC) is chaired by the Russian Prime Minister and includes 54 international companies and banks. EY plays a major role in the advisory of FIAC.

This report summarizes the main findings from our survey conducted among foreign companies that are members of the FIAC.

FIAC survey suggests that foreign companies with investments in Russia's real economy are not planning to reduce presence in the country.

Noting also positive developments in Russia's investment climate, including the progress made on National Business Initiative road maps, investors are confident in Russia's economic potential and ready to step up investment in the coming few years.

The regulatory environment remains a key factor that determines the investment attractiveness of Russia.

Respondents point to a number of regulatory improvements that have taken place over the last few years. Among the most important initiatives are

- the gradual shift toward market economy
- the harmonization of legislation within the Customs Union
- the introduction of the Federal Contract System
- the simplification of administrative procedures for developers.

While the progression of some reforms such as the movement toward market economy principles may be seen as insufficient, respondents remain exceptionally buoyant about the ongoing changes.

Russia Regional outlook

Foreign companies operating in Russia have noted significant improvements to the investment climate in the regions over the past few years

The key reasons for the same have been the following:

- RIS or Regional Investment Standard (developed by the Agency for Strategic Initiatives to set out the investor-relations requirements for local authorities), road maps
- Set of dedicated KPIs that are used to assess the performance of local governors.
- Another driver of increased interest in foreign investments is growing competition for investments among regions in the face of a weaker macroeconomic environment.

Russian partners are willing to learn and deliver a better quality in line with foreign investors' expectations

Foreign partners note positive shifts in prevailing business styles in Russia, which they say are bringing their business relations closer to globally recognized standards.

The local investment climate across regions has greatly improved : Over 50% of respondents say that regional authorities are directing more efforts to improving the investment climate as compared with a few years ago, and that they are demonstrating a solid commitment to create attractive business conditions for foreign investors.

Conducive business climate in Russia

Regulatory environment

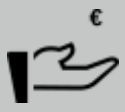
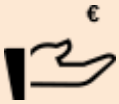


- **The regulatory environment remains a key factor that determines the investment attractiveness of Russia.**
  - Among the most important initiatives include the gradual shift toward market economy, the harmonization of legislation within the Customs Union, introduction of the Federal Contract System, and the simplification of administrative procedures for developers.
  - While the progression of some reforms such as the movement toward market economy principles may be seen as insufficient, respondents remain exceptionally buoyant about the ongoing changes.

Progressive legislations



- **The greatest legal progress made by Russia over the last few years has been in areas such as tax, customs, and finance. Among negative trends are the introduction of new taxes**
  - Russia's tax legislation has been considered the most effective and stable regulatory regime by the companies in Russia. The framework is being brought closer to international standards as Russian companies are increasingly using international financial reporting.
  - Many investors express satisfaction with the existing financial and customs regulations (40% and 37%, respectively), stating that the regulations are in line with their expectations.

Attractive Sectors 	■ **Investors are optimistic about the moderate growth in their industry.** ❖ The top three industries expected to be most attractive in the next two years include the power industry (44%), pharmaceuticals (39%), and telecommunications (28%).
Transparency and access 	■ **Access to federal government has eased** ❖ Many foreign investors complained about the executive authorities' slow decision-making and excessive documentation requirements. ❖ However, newly introduced mechanisms to drive legislative improvements, enhance government performance and best practices have facilitated a dialog between government and business.
Positive outlook 	■ **Investors are still confident in Russia's economic potential** ❖ Many respondents with operations in Russia describe the country's current economic situation as challenging. However, 50% of respondents plan to expand their business in Russia as they are optimistic about the future growth prospects for their industry. ❖ A significant number of investors plan to geographically expand their presence in the country (39%), or at least maintain it at the current level in the coming two-year period (31%).
Investor confidence 	■ **Companies indicate that relations between investors and regional authorities are developing in a very dynamic manner** ❖ Almost half of respondents (44%) note improvements in relations with regional authorities, with only 9% saying that the relations are worsening ❖ In the past, regional authorities tended to shy away from major foreign companies that are hard to influence. Today, the situation is changing. More regions are showing greater interest in investors and regional authorities are increasingly ready to fight for investors, converting their interest into action

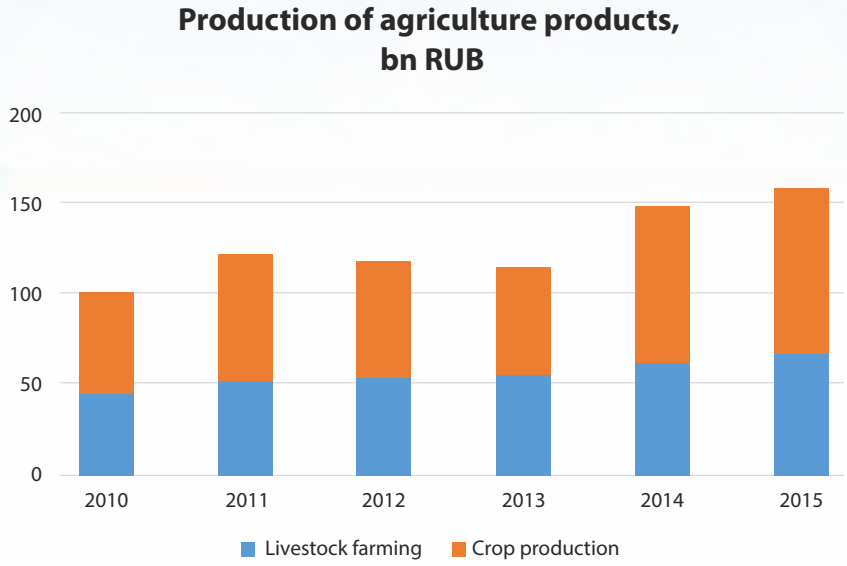
6 Thrust sectors

Focus sectors for Russia



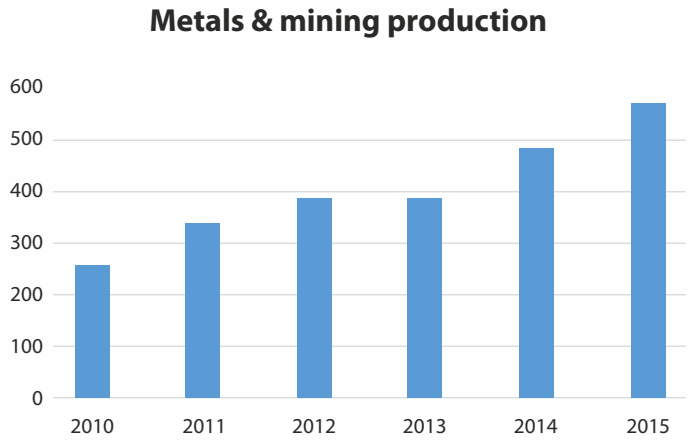
Agriculture

Sector
>50% of Russian organic soybeans is produced in Russia's Far East
2.8 mm ha chemical free arable land in Russia's Far East with optimal growing conditions & highly fertile soils
4.7 mm ha – hayfields and pastures available for livestock farming
US$ 250 bn annual consumption of food & agri-products in China, Japan & South Korea



Metal & mining

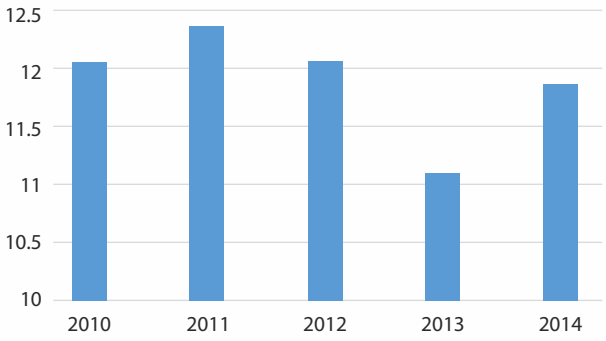
Sector
US$ 2.4 trillion valuation of solid mineral reserves (precious and base metals, coal)
US$ 600 bn annual consumption of metals and coal in China, Japan and South Korea
Skilled labor force: specialized colleges and universities are present in Russia's Far East and Siberia



Timber

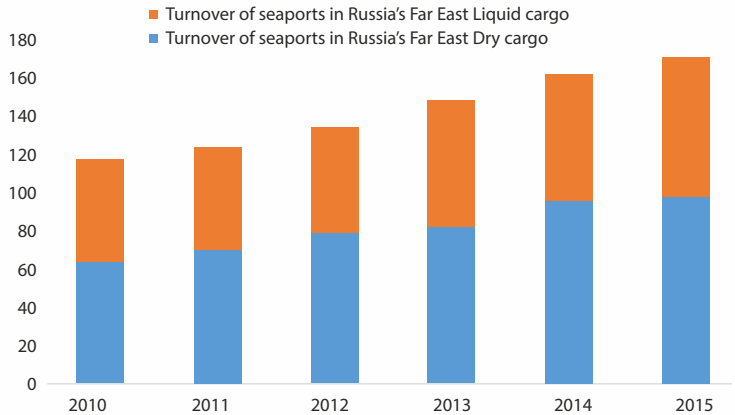
Sector
21 bn m³ timber reserves – larch, spruce, pine, birch, cedar (25% of Russia's reserves)
120 mm m³ annual volume of timber and timber products imported by China and Japan
US$ 14 bn annual volume of pulp imported by neighbouring Asian countries (primarily China)

Dynamics of timber production, mm m3 Production



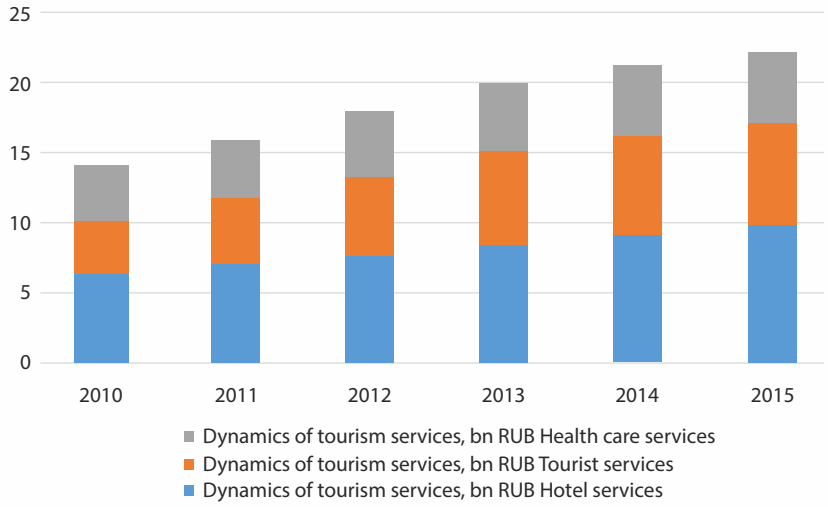
Transport & logistics

Sector
200 mmt - capacity of seaports of Russia's Far East. Potential to increase export flow
45 mmt – Russian-Chinese transit corridor potential (cargo transit from Heilongjiang, Jilin, Liaoning)
60 mmt – potential international sea freight via Northern Sea Route; new global transit corridor
Vladivostok agglomeration beginning of transcontinental corridor Asia-Pacific countries – Russia-Europe



Tourism

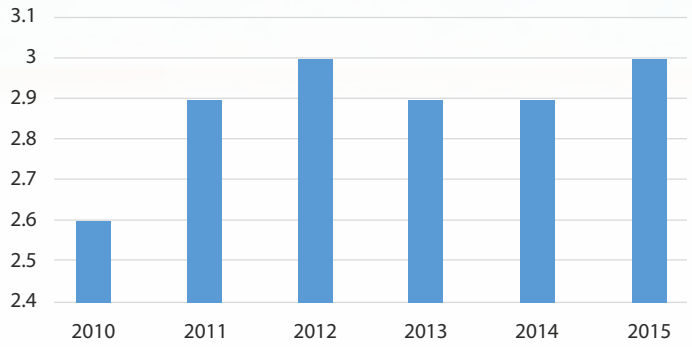
Sector
250 bn USD – Chinese outbound tourism spending
>200 mm tourists – annual tourist flow from North-East Asia countries (120 mm from China)
Russia's Far East tourism advantages: European identity as cultural attractiveness and unique natural heritage
8-day single entry visa by tourists entering via checkpoints of Free Port Vladivostok



Fishery & aquaculture

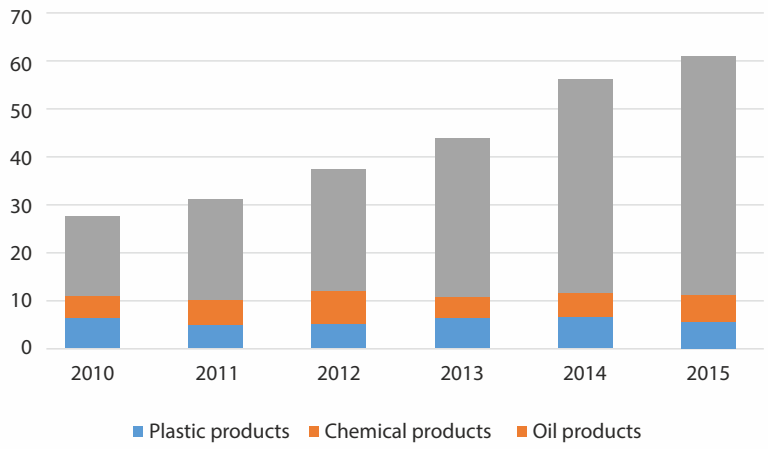
Sector
≈70% of Russia's fish and ABR catch; 1 mmt per annum – additional ecological risk-free catch potential
15 years –increased quota share allocation period; 20% of quota – for investment purposes
≈3,6 mmt – potential of ABR production in the coastal waters of Russia's Far East
Fish Exchange – opportunity for investors to participate in development of export-oriented processing and storage facilities

Catch of fish and aquatic biological resources (ABR) mmt
Production



Oil & gas processing

Sector
Russia's Far East reserves: 1.3bn t – oil and condensate; 4,6 trln m3 – natural gas
Access to raw material: 38 bn m3 - the "Power of Siberia" pipeline ; 58 mmt – ESPO* oil Pipeline
>200 bn USD – annual import of chemical goods in China, Japan and South Korea
State support measures: construction of infrastructure, tax incentives and low-cost long-term co-financing



Sources of Information

- **Foreign Investment Advisory Council (FIAC) Russia**- http://www.fiac.ru/
- **Ministry of Economic Development of the Russian Federation:** http://economy.gov.ru/en/home/activity/sections/specialEconomicAreas/
- **Facts & Figures_by Ministry of economic development**
- **Integrated foreign economic information portal- Ministry of economic development of the Russian Federation:** http://www.ved.gov.ru/eng/investing/sez/
- **FICCI documents:** http://ficci.in/spdocument/20429/FICCI-Concept_Reverse-SEZ.pdf
- **News articles**

Annexure: Russia Far East: Regions

Kamchatka Territory

Kamchatka is a truly unique territory, one of the few places in the world with picturesque scenery and pristine wilderness.

Investment Potential - The Kamchatka territory has enormous investment potential. Due to high deposits of water resources, the region is listed as the main destination for the fishing industry; enormous deposits of minerals serve as a basis for many industries.

Administrative Centre - Petropavlovsk - Kamchatsky
Federal District - Far Eastern
Distance to Moscow - 6800km
Time Zone - UTC+12/MSK+8
Population - 0.32 million people (7.40% English speaking population)
Area of the Region - 4643 thousand Sq Km

Economic Performance -
Gross Regional Product - 131,56 billion (410,86 thousand per person)
Foreign Direct Investment - $46,90 million ($147,90 per person)
Fixed Investment - 25,2 million (79,101 per person)
Unemployment Rate - 6,10%
Percentage of Profitable Companies - 58,70%
Average Cost of Living - 15 786
Average Monthly Wage - 53 167
Geographical Location & Climate - Largest cities (1) Petropavlovsk - Kamchatsky (181,6 K people), (2) Elizovo (38,9 K people), (3) Viluchinsk (21,9 K People).
Seas - Bering Sea, Sea of Okhotsk, Pacific Ocean
Agricultural Period - 4 months
Snow Cover Duration - 5 months
Natural Area - Forest Tundra, Mixed Forest, Tundra

Natural Resources -
Mineral Resoucres - Gold (213,6 tonnes), Nickel (41,3 thousand ton…), Platinum (7652 kgs)
Combustible Resources - Natural Gas (21895 million m3), Coal (260824 thousand…)
Other Resources - Fish Resources, Recreational Resources

Industrial Sectors -
Timber, Woodworking & pulp and Paper Industry
Production of Machines and Equipment
Building Materials Industry
Shipbuilding
Electric Power

Investments -
Mining
Light Industry
Fish Farming
Agriculture
Tourism
Electric Power

Presence of Large Companies
Okeanrybflot
AKROS
Zoloto Kamchatki
Lenin Fishing Farm
Kamchatskenergo
Chokotka Autonomous Region
Chukotka Autonomous Region is the North easternmost and the most remote region of Russian Federation.
It lies entirely in the Arctic zone and is known for it extreme climate conditions.
Administrative Centre - Anadyr
Federal District - Far Eastern
Distance to Moscow - 6400 km
Time Zone - UTC+12/MSK+9
Population - 0.05 million people (5.20% English speaking population)
Area of the Region - 721, 5 thousand Sq. Km

Economic Performance -
Gross Regional Product - 46, 99 billion (927, 4 thousand per person)
Foreign Direct Investment - $255, 50 million ($5 009,80 per person)
Fixed Investment - 6, 62 million (130 890 per person)
Unemployment Rate - 3,20%
Percentage of Profitable Companies - 56,10%
Average Cost of Living - 13 571
Average Monthly Wage - 76 285
Geographical Location & Climate - Largest cities (1) Anadyr (14,33 K people), (2) Bilibino (5,59 K People), (3) Pevek (4,72 K people)
Seas - East Siberian Sea, Chukchi Sea, Bering Sea.
Agricultural Period - 3 months
Snow Cover Duration - 6 months
Natural Area - Arctic Deserts, Taiga, Forest - tundra, Tundra.

Natural Resources -
Mineral Resources - Gold (732 t), Tin (357 000 t), Tungsten (78 t), Copper (3 733000 t)
Combustible Resources - Brown Coal (241 000 000 t), Coal (422 000 000 t)

Other Resources - Water Resources

Industrial Sectors -
Mining
Electric Power

Investments -
Mining
Agriculture
Transport and Communications
Tourism

Presence of Large Companies -
Joint-stock company "Chukotskaya Geologicheskaya Kompaniya"
OJSC for electricity and electrification "Chukotenergo"
Public Enterprise of Chukotka Autonomous Region "Chukotkommunhoz"
Public Unitary Enterprise of Chukotka Autonomous Region "Chukotsnab"
OJSC " Rudnik Karalveem"
CJSC "Chukotka Trading Company"

Irkutsk Region
Creating a friendly environment for investors is the priority for our government, because the Irkutsk region has all the opportunities for advanced development.
Administrative Centre - Irkutsk
Federal District - Siberian
Distance to Moscow - 5042 km
Time Zone - UTC+9/MSK+5
Population - 2.42 million people (4.50% English speaking population)
Area of the Region - 774,8 thousand Sq. Km

Economic Performance -
Gross Regional Product - 796, 59 billion (329, 14 thousand per person)
Foreign Direct Investment - $472, 40 million ($195, 60 per person)
Fixed Investment - 192, 46 million (79 639 per person)
Unemployment Rate - 8,80%
Percentage of Profitable Companies - 71,40%
Average Cost of Living - 8 629
Average Monthly Wage - 31 408
Geographical Location & Climate - Largest cities (1) Irkutsk (612, 97 K people), (2) Bratsk (238, 83 K people), (3) Angarsk (229, 59 K people).
Agricultural Period - 7 months
Snow Cover Duration - 5 months
Natural Area - Mixed Forest, Taiga

Natural Resources -
Mineral Resources - Iron (17.4 billion t), Gold (2.3 thousand t), Potash (505 million t)
Combustible Resources - Oil (853 million t), Natural Gas (4 trillion cubic m)
Other Resources - Forest Resources, Water Resources

Industrial Sectors -
Fuel Industry
Timber, Woodworking and Pulp and paper industry
Chemical and Petrochemical Industry
Ferrous Metallurgy
Non - Ferrous Metallurgy

Investments -
Metallurgical Indsutry
Timber, Woodworking and pulp and paper industry
Production of Machines and Equipment
Building Industry
Tourism
Chemical and Petrochemical Industry

Presence of Large Companies -
EuroSibEnergo
Transneft
Rosneft
Irkutsk Oil Company
RUSAL

Jewish Autonomous Region
The Jewish Autonomous Region has a convenient geographic location. It is situated close to the Pacific Ocean and has access to the ocean through the Amur River's waterway.
The territory is built along the Trans - Siberian railroad. The railroad is the shortest way from Western Europe and Middle East to the Asian - Pacific Countries.
Administrative Centre - Birobidzhan
Federal District - Far Eastern
Distance to Moscow - 6016km
Time Zone - UTC+11/MSK+7
Population - 0.17 million people (2.80% English speaking population)
Area of the Region - 36,3 thousand Sq Km

Economic Performance -
Gross Regional Product - 37,89 billion (220,88 thousand per person)
Foreign Direct Investment - $63,20 million ($347 per person)
Fixed Investment - 10,75 million (63493 per person)
Unemployment Rate - 8,70%

Percentage of Profitable Companies - 58,20%
Average Cost of Living - 10 670
Average Monthly Wage - 29 439
Geographical Location & Climate - Largest cities (1) Birobidzhan (74, 8 K people), (2) Obluchye (8, 8 K people).
Border Countries - China
Agricultural Period - 6 months
Snow Cover Duration - 4 months
Natural Area - Mixed Forest

Natural Resources -
Mineral Resources - Iron (520 M tonnes), Manganese (15 M tonnes), Graphite (8.7 M tonnes)
Combustible Resources - Turf (55 Deposits), Brown coal (55 M Tons)
Other Resources - Forest Resources, Land Resources

Industrial Sectors -
Light Industry
Timber, Woodworking and Pulp and paper industry
Building Materials Industry

Investments -
Mining
Timber, Woodworking and pulp and paper industry
Construction
Agriculture
Tourism
Transport & Logistics

Presence of Large Companies -
Teploozerskly cement plant
Kuldurskiy Brucite mine
Birobidzhanskiy steel - work plant
Birobidzhan industrial and trading company "Victoria"

Republic of Buryatia
The Republic of Buryatia today is a region with a rapidly developing industrial potential
Our Strategic goal is to raise the quality of life in this region.
Administrative Centre - Ulan - Ude
Federal District - Siberian
Distance to Moscow - 4426 km
Time Zone - UTC+9/MSK+5
Population - 0.98 million people (3.30% English speaking population)
Area of the Region - 351, 3 thousand Sq. Km

Economic Performance -
Gross Regional Product - 177,69 billion (182,65 thousand per person)
Foreign Direct Investment - $7, 30 million ($7, 50 per person)
Fixed Investment - 36, 07 million (36 945 per person)
Unemployment Rate - 8,40%
Percentage of Profitable Companies - 68,80%
Average Cost of Living - 8 263
Average Monthly Wage - 27 739
Geographical Location & Climate - Largest cities (1) Ulan-Ude (416 K people), (2) Gusinoozyorsk (25,3 K people), (3) Severobaykalsk (24 K people), (4) Kyakhta (20 K People)
Border countries - Mongolia
Agricultural Period - 5.5 months
Snow Cover Duration - 6 months
Natural Area - Mixed Forest, Taiga, Steppe, Tundra.

Natural Resources -
Mineral Resources - Tungsten (217 thousand t), Uranus (40 thousand t), Zinc (8.5 million t)
Combustible Resources - Brown Coal (584 million t), Coal (128 million t)
Other Resources - Water Resources, Forest Resources

Industrial Sectors -
Aerospace
Electric Power
Railway Engineering
Non - Ferrous Metallurgy

Investments -
Mining
Agriculture
Processing Manufactures
Tourism
Electric Power

Presence of Large Companies -
Ulan-Ude Aircraft Plant
Ulan-Ude Locomotive and Car Repair Plant, Branch of "Zheldorremmash"
"Ikat Plus"
Tunguyskiy Open-Pit Mine
"Buryatzoloto"

Amur Region
The government of Amur region has prepared a package of business incentives to support investment activity.

Companies, that implement investment projects in Amur Region, receive tax benefits.
Administrative Centre - Blagoveshchensk
Federal District - Far Eastern
Distance to Moscow - 5613 km
Time Zone - UTC+10/MSK+6
Population - 0.81 million people (3.20% English speaking population)
Area of the Region - 361,9 thousand Sq. Km

Economic Performance -
Gross Regional Product - 211,22 billion (259,46 thousand per person)
Foreign Direct Investment - $1004,70 million ($1240,40 per person)
Fixed Investment - 74,17 million (91 503 per person)
Unemployment Rate - 5,60%
Percentage of Profitable Companies - 61,60%
Average Cost of Living - 9 539
Average Monthly Wage - 32 397
Geographical Location & Climate - Largest cities (1) Blagoveshensk (220 K people), (2) Belogorsk (67 K people), (3) Svobodny (56 K people)
Border countries - China
Agricultural Period - 3.5 months
Snow Cover Duration - 4 months
Natural Area - Mixed Forest, Taiga, Forest - Steppe, Deciduous Forest.

Natural Resources -
Mineral Resources - Gold (300+tonnes), Iron (700+tonnes), Apatite (Phosphorus pent…)
Combustible Resources - Brown Coal (3.6 bn tonnes), Coal (116 min tonnes)
Other Resources - Land Resources, Forest Resources

Industrial Sectors -
Timber woodworking and pulp and paper industry
Electric Power
Non - Ferrous Metallurgy
Fuel Industry

Investments -
Mining
Agriculture
Processing Manufactures
Tourism
Timber woodworking and pulp and paper industry
Fuel Industry

Presence of Large Companies -
JSC "Pokrovsky pit"
Trans-Baikal Railway, branch of JSC "Russian Railways"
Far Eastern Railway, branch of JSC "Russian Railways"
Zeisk Hydroelectric plant, branch of JSC "Rus-Hydro"

The Trans Baikal Territory
The Trans - Baikal Territory has great potential for the implementation of major investments projects.
Administrative Centre - Chita
Federal District - Siberian
Distance to Moscow - 6074 km
Time Zone - UTC+11/MSK+7
Population - 1.09 million people (2.70% English speaking population)
Area of the Region - 431, 9 thousand Sq. Km

Economic Performance -
Gross Regional Product - 229,78 billion (210,28 thousand per person)
Foreign Direct Investment - $110,90 million ($102 per person)
Fixed Investment - 65,18 million (59 860 per person)
Unemployment Rate - 10%
Percentage of Profitable Companies - 58,90%
Average Cost of Living - 8 636
Average Monthly Wage - 29 319
Geographical Location & Climate - Largest cities (1) Chita (334 K People), (2) Krasnokarmensk (59 K People), (3) Borzya (30 K People), (4) Petrovsk - Zabaikalsky (17 K People)
Agricultural Period - 5 months
Snow Cover Duration - 3 months
Natural Area - Taiga, Forest - Steppe.

Natural Resources -
Mineral Resources - Gold (635 tonnes), Iron (3 bn tonnes), Copper (25 min tonnes)
Combustible Resources - Brown Coal (4 bn tonnes), Coal (2.2 bn tonnes)
Other Resources - Land Resources, Forest Resources

Industrial Sectors -
Timber woodworking and pulp and paper industry
Electric Power
Non - Ferrous Metallurgy
Fuel Industry
Production of Machines & Equipment

Investments -
Mining
Agriculture

Processing Manufactures
Transport & Logistics
Fuel Industry
Presence of Large Companies -
Priargunskoe mining & Chemical Association
Territorial Generating Company
Novo - Shirokinsky Mine
Kharanorskaya State District Power Plant
Kharanorskiy coal mine

Republic of Sakha(Yakutia)

Yakutia has unique investment opportunities related to the presence of abundant natural resources, a stable social and demographic situation.

Administrative Centre - Yakutsk
Federal District - Far Eastern
Distance to Moscow - 4892 km
Time Zone - UTC+10/MSK+6
Population - 0.96 million people (4.20% English speaking population)
Area of the Region - 3103 thousand Sq. Km

Economic Performance -

Gross Regional Product - 569,13 billion (595,83 thousand per person)
Foreign Direct Investment - $227,60 million ($237,80 per person)
Fixed Investment - 202,2 million (211 540 per person)
Unemployment Rate - 7,40%
Percentage of Profitable Companies - 62,50%
Average Cost of Living - 13 332
Average Monthly Wage - 51 111
Geographical Location & Climate - Largest cities (1) Yakutsk (294 K People), (2) Neryungri (58 K People), (3) Mirny (34 K People)
Seas - Laptev Sea, East Siberian Sea
Agricultural Period - 5 months
Snow Cover Duration - 7 months
Natural Area - Mixed Forest, Taiga, Forest - Steppe, Tundra

Natural Resources -

Mineral Resources - Gold (483 thousand tons), Adamants (1 billion carats), Tin (200 thousand tons)
Combustible Resources - Oil (2-3 bn tons), Natural Gas (2542,7 billion tonnes)
Other Resources - Water Resources, Forest Resources

Industrial Sectors -

Timber woodworking and pulp and paper industry
Electric Power

Non - Ferrous Metallurgy
Fuel Industry
Ferrous Metallurgy

Investments -
Production of Machines & Equipment
Agriculture
Construction
Transport & Logistics

Presence of Large Companies -
Rosneft
Surgutneftegaz
Alrosa
Gazprom
Mechel

Primorsky Territory
A Council for public profile expert advice has been created; moreover; a regional Ombudsman is now working to protect the rights of entrepreneurs.
Administrative Centre - Vladivostok
Federal District - Far Eastern
Distance to Moscow - 6970 km
Time Zone - UTC+11/MSK+7
Population - 1.93 million people (6.50% English speaking population)
Area of the Region - 164,7 thousand Sq. Km

Economic Performance -
Gross Regional Product - 575,62 billion (296,27 thousand per person)
Foreign Direct Investment - $717,20 million ($371 per person)
Fixed Investment - 134,65 million (69 555 per person)
Unemployment Rate - 6,90%
Percentage of Profitable Companies - 66%
Average Cost of Living - 10 683
Average Monthly Wage - 32 431
Geographical Location & Climate - Largest cities (1) Vladivstok (600,3 K people), (2) Ussuriysk (263 K People), (3) Nakhodka (158,4 K People), (4) Artyom (102,5 K People)
Border countries - China, North Korea
Seas - Sea of Japan
Agricultural Period - 8 months
Snow Cover Duration - 6 months
Natural Area - Mixed Forest, Taiga, Deciduous Forest.

Natural Resources -
Mineral Resources - Boron ore (21.35 min tonnes), Plumbum (1,2767 min tonnes), Tungsten (119,600 tonnes)
Combustible Resources - Brown Coal (2.2 bn tonnes), Turf (24 million tonnes)
Other Resources - Recreational Resources, Fish Resources

Industrial Sectors -
Automotive Industry
Electric Power
Production of Machines & Equipment
Building Materials Industry
Non-Ferrous Metallurgy

Investments -
Fish Farming
Agriculture
Transport & Logistics
Tourism
Hydrocarbons Deep Processing & Transportation

Presence of Large Companies -
MAZDA SOLLERS
Vostochny Port
Ratimir
Specialized Marine oil Terminal Kozmino
Progress Arsenyev Aviation Company

Magadan Region
Two years ago we implemented in the region the standard for executive powers of the regional state ensuring favourable investment climate in the region.
Administrative Centre - Magadan
Federal District - Far Eastern
Distance to Moscow - 5889 km
Time Zone - UTC+12/MSK+8
Population - 0.15 million people (6.30% English speaking population)
Area of the Region - 462,5 thousand Sq. Km

Economic Performance -
Gross Regional Product - 88,49 billion (584,73 thousand per person)
Foreign Direct Investment - $0 million ($0 per person)
Fixed Investment - 38,35 million (257 061 per person)
Unemployment Rate - 3.10%
Percentage of Profitable Companies - 53,80%

Average Cost of Living - 15 415
Average Monthly Wage - 62 152
Geographical Location & Climate - Largest cities (1) Magadan (95 K People), (2) Susuman (5,3 K People)
Seas -Sea of Okhotsk
Agricultural Period - 3 months
Snow Cover Duration - 6 months
Natural Area - Forest Tundra, Taiga, Tundra.

Natural Resources -
Mineral Resources - Gold (2295 tonnes), Silver (18.1 thousand t), Tin (66.6 thousand t)
Combustible Resources - Brown Coal (1600 million t), Coal (565.5 min tonnes)
Other Resources - Fish Resources, Water Resources

Industrial Sectors -
Timber woodworking and pulp and paper industry
Electric Power
Production of Machines & Equipment
Fuel Industry
Building Materials industry
Electronic & Optomechanical Industry

Investments -
Fish Farming
Fuel Industry
Electric Power

Presence of Large Companies -
Rosneft - Sakhalinmorneftegas LLC
Commercial Construction Firm Sfera LLC
Exxon Oil & Gas Limited
Gazprom Dobycha Shelf LLC
Sakhalin Energy Investment Company LLC

Khabarovsk Region
The development of the far east is our strategic goal and national priority throughout the XXI century. Realization of this specifies goal is impossible without attracting investment, creating new production operations, and increasing the tax base.
Administrative Centre - Khabarovsk
Federal District - Far Eastern
Distance to Moscow - 6151 km
Time Zone - UTC+11/MSK+7
Population - 1.34 million people (6.90% English speaking population)
Area of the Region - 787,6 thousand Sq. Km

Economic Performance -
Gross Regional Product - 473,7 billion (353,24 thousand per person)
Foreign Direct Investment - $107,90 million ($80, 60 per person)
Fixed Investment - 117,89 million (88 034 per person)
Unemployment Rate - 5.90%
Percentage of Profitable Companies - 58,80%
Average Cost of Living - 11 495
Average Monthly Wage - 36 781
Geographical Location & Climate - Largest cities (1)Khabarovsk (611,2 K People), (2) Komsomolsk-on-Amur (251,3 K People), (3) Amur (40, 6 K People)
Seas -Sea of Okhotsk, Sea of Japan
Agricultural Period - 6 months
Snow Cover Duration - 5 months
Natural Area - Forest Tundra, Taiga, Tundra, Mixed Forest, Deciduous Forest.

Natural Resources -
Mineral Resources - Gold (263,6 tonnes), Silver (2.3 thousand t), Platinum (35, 3 tonnes)
Combustible Resources - Brown Coal (319,4 million t), Coal (1326,16 min tonnes)
Other Resources - Fish Resources, Forest Resources

Industrial Sectors -
Timber woodworking and pulp and paper industry
Military-Industrial Complex
Fuel Industry
Ferrous Metallurgy
Electric Power

Investments -
Production of Machines & Equipment
Agriculture
Construction
Fuel Industry
Transport & Logistics
Electric Power
Presence of Large Companies -
Branch of "Sukhai" Company
Daltransugol
Amur Steamship
Amurmetal
Amur shipbuilding Plant



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