THE TEAM OF ADMINISTRATORS IS SENT TO THE BREAKTHROUGH NUCLEAR REACTION BEGAN IN THE GOVERNMENT

RESIDENTS TURNED OUT NOT TO BE CRAZY SCIENTISTS ARE TAUGHT TO FLY GOVERNOR WANTS TO LIVE IN THE CAPITAL

MAYOR WANTS COMFORT ULYANOVSK TAXI-DRIVERS WILL START TO SPEAK ENGLISH LENIN IS NOT GUILTY
WE ARE OPEN FOR INVESTMENTS

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From the first person

**BREAKTHROUGH TEAM**
Sergey Morozov, the Governor of the Ulyanovsk Region, tells about breakthrough directions within the regional economy

**Environment**

**LORDS OF CLIMATE**
Ulyanovsk Region Development Corporation puts comfortable environment in the first place of investment attractiveness

**Management technologies**

**ADMINISTRATOR PULLS THE AIRCRAFT**
Aviation Cluster has become a self-regulating unit

**Special place**

**RESIDENTS GO TO THE ZONE**
Special Economic Airport Zone, the only one in Russia, begins to select residents

**To the park!**

**GREEN FIELD FOR NEW CROPS**
GreenField sites are turning into industrial parks

**Nuclear reaction**

**ATOM’S ATTRACTION**
Nuclear-Innovative Cluster is being formed in the region

**Nano**

**GIANT INTERACTION AT THE MICROSCOPIC LEVEL**
Nano-technology projects allow to attract state investments

**In the limelight**

**“THE CITY SHOULD BECOME A COMFORTABLE ENVIRONMENT FOR BUSINESS”**
Interview with Alexander Pinkov, Mayor of Ulyanovsk

**World brand**

**775 MILLION FOR A “PATCH”**
The Future Hilton Garden Inn Hotel apartments should be appreciated by business representatives

**Auto—forever**

**OFFROADSTER OVERCOMES THE GAP**
Development trends of the Ulyanovsk Region Automobile Cluster

**Profitable transit**

**LOGISTICIANS’ LOGIC**
The Ulyanovsk Region Transport-Logistic Mega-Project reveals new ways of the region development and prospects for investors

**Agro**

**MINISTRY OF AGRICULTURE CHANGES ITS PRIORITIES**
Businesses noticed a profitable sphere of new technologies application in agriculture

**Tourism**

**CONQUEST OF ONESELF**
The Ulyanovsk Region attracts big inbound tour operators by its special conditions

**Figures speak for themselves**

**SPECIALISTS—is a DECISIVE FACTOR**
Useful information on the region staff potential

**Zones of the Ulyanovsk Region investment attractiveness**

**Editorial**

To be understood in different languages

You are opening the second issue of our economic magazine “The Ulyanovsk Region, OPEN REGION”. And this is the first bilingual one. We specially selected such a name—Open, because in Russian this is a very succinct, polysemantic word; it bears a special depth of perception. Open—means unfasten, free for access. Not enclosed with anything. Not constrained. Wide, as open steppe and open sea. Free, as an open way, as an unbarred path to knowledge. Open field of action. Obtainable, understandable, obvious. Transparent, not hiding anything, unconcealed, when an “open question” is considered to be an unsolved problem so far. At the same time, opening—is a discovery of a unique solution in science, finding of something, which did not exist before.

When we were preparing this magazine, I was thinking over and over again, how to explain all this polysemism in English. And, quite of a sudden, looking into a dictionary, I made a discovery that the English word “open” has the same meaning. Moreover, it enriches the notion by new nuances: in nouns it is also a perspective; in verbs it means to “establish”; in adjectives— hospitable, unoccupied, unfinished, honest, generous, known to everybody. The Ulyanovsk Region is famous for the birthplace of such antipodes, as Lenin and Kerensky, the great writer Goncharov and the great historian Karazin. It is well-known that offroadsters and airplanes are being manufactured here. But only few people know what the region has become today; that, paying a tribute to paradoxes, the sleeping Simbirsk of Goncharov times is turning into a regional center of economic boiling. Government of the Ulyanovsk Region is erecting monuments to Oblomov, and, at the same time, with persistence of Stolz, is solving economic problems in the search of new revenues for the region.

Today you have an opportunity to discover another side of this region.

The magazine you are holding in your hands is not an advertising booklet. It does not contain exclamation marks and praise. It is composed of a serious analysis of the regional economy with all strengths and weaknesses, open issues, potential and prospects. It comprises the words of the people, who do it and who extrinsically analyze the work, because “open” means transparent, unconcealed.

Open it. Look. Make your own conclusions. May be you are awaited by new and unexpected discoveries.

As they say in Russia, when somebody comes to a threshold: “Come in, it is open!”
Ulyanovsk region in brief

**GEOGRAPHICAL LOCATION**

The Ulyanovsk Region is located in the very center of the Middle Volga Region, in the southeast of the European part of Russia. The advantageous geographical location in the center of the industrially developed and densely populated Volga Federal District makes the region an attractive center for logistic and transport schemes of the federal and international level.

High consumption potential: 20 mln people live within the radius of 500 km; and more than 43 mln people—within the radius of 1,000 km. In the west it boarders with the Penza region and Mordovia, in the north—with Chuvashia and Tatarstan; in the east—with the Samara Region; in the south—with the Saratov Region. The distance from Ulyanovsk to Moscow is 875 km. The total territory is 37.2 thou square km (0.22% of the RF area). The region includes 21 rural districts, 6 cities, 30 urban-type villages.

**HISTORICAL BACKGROUND**

The documentary history of the region began with the coming of the Bulgarian tribes from Azov basin steppes during the period of Great Migration in the VIII century. In the X century they formed a big early-feudal state—Volga Bulgaria. With the start of reclaiming of the territories to the east of the Volga river by the Russian people (from XIV), new Russian settlements began to appear on the territory of the future Simbirsk Province. In 1780 the Simbirsk Vicegerency was founded, and in 1796—the Simbirsk Province. From the second half of the XVII century a big manor land tenure began to develop, which made the region one of the nobility culture centers in VIII-XIX centuries. Simbirsk is a birthplace and a place of activities of the historical persons of all-Russia importance, including N.M.Karamzin, I.I.Dmitriev, D.V.Davydov, D.P.Ozobin, P.V.Annenkov, I.A.Goncharov, A.I.Voeykov, V.I.Ulyanov-Lenin, A.F.Kerensky, A.A.Plastov, the families of Turgenevs, Ivashovs, Yazykovs, Minaevs and many others. In 1924 the city of Simbirsk was renamed and became Ulyanovsk, and the Simbirsk Province—the Ulyanovsk Province. In January, 1943 the Ulyanovsk Region was formed.

**ECONOMICS**

The main branch of the Ulyanovsk Region industry is machine building (53.2% of the total production volume). The main branches are as follows: aircraft engineering, automobile construction, machine tool building, electrical engineering. The Ulyanov Region occupies the first place in Russia in civil aircrafts manufacturing; the fifth place—in automobile manufacturing. JS Aviastar-SP, the biggest aircraft building plant in Russia, manufactures TU-204 passenger planes of different modifications. JS UAZ is the biggest producer of offroadsters on the territory of the Eastern Europe.

The Ulyanovsk Region is a big transport junction. Through the region run air-, railway and automobile communications in all directions within Russia, international airlines, connecting the Volga Region with Europe, Middle Asia, Middle East and China. There are two river ports in Ulyanovsk, on both sides of the Volga. Ulyanovsk is the only city in the Volga Federal District with two “A” Class airports—Ulyanovsk-Central and the international airport Ulyanovsk-Vostochny,—provided with modern radio-electronic navigation equipment, allowing to accept aircrafts of all types without limitation of the takeoff mass, including AN-124 RUSLAN and BOEING-747. The biggest air companies of the region, performing transportation of passengers and cargoes, are Volga-Dnepr and Polet Airlines.

**NATURAL AND MINERAL RESOURCES**

The region is rich in mineral and raw material resources. The leading position in the structure of mineral-rain material resources is occupied by oil, glass, cement, silicon and carbonate, also raw material for ceramic.

50 oil-fields are open in the region with the commercial oil reserve of more than 40 mln tons, the annual output is 600–700 thou tons of oil. Here Tashlinskoe (glass raw material) and Lukyanovskoe (molding and glass material) fields of quartz sand, the biggest raw material bases in Russia, are located.

Carbone rock stock (chalk), clay and hydraulic admixtures (gaize, bergmeal) for cement production are practically not limited (perspective development districts—Sengileevsky, Ulyanovsky, Mainsky and Novospassky). As for the stock of bergmeal, the Ulyanov Region occupies one of the leading positions in Russia. The industrial reserve of this raw material is more than 60 mln tons. 30 fields of brick earth have been explored. The region is provided with the raw material for production of expanded clay and aglapolite.

30 fields of structural stone have been identified, 12 fields with the stock of about 31 mln tons have been explored. Oil shale fields are located along the watershed of the rivers Volga and Sviyaga in 9.5 km to the north of Ulyanovsk, and are traced to the borders with Tatarstan. 493 fields with raw resources, totaling to 33.2 mln tons, have been identified and explored. More than a half (54.2%) of raw resources of the region are located in three districts of the region: Staromainsky, Cherda-Kinsky, Melekessky.

**POPULATION**

On January 1, 2010 the region population was 1.2986 mln people, representing more than 100 nationalities (Russians—72.7%, Tatars—12.2%, Chuvash—8.1%, Mordovians—3.6%, Ukrainians—1.1%, etc.). The density of population is 38.6 people/square km. The regional center is Ulyanovsk (624.6 thou people). Other big cities are: Dimitrovgrad (127.5 thou people), Inza (18.7 thou people), Barysh (17.2 thou people). The city population is 73%. The region includes 21 rural districts, 6 cities, 30 urban-type villages.
From the first person

BREAKTHROUGH TEAM

Sergey Morozov, the Governor of the Ulyanovsk Region, while reporting to the region legislators about the Region Government activities in 2009, identified new priorities, facing the regional power. The main among them is creation of innovative economy due to implementation of “breakthrough directions” in the economic activities of the region. In the interview with Sergey Titov, the editor of “Open Region” publication, he tells about the reasons of the “breakthrough” need, breakthrough strategy and expected results.

—Sergey Ivanovich, in what spheres are you intending to make a breakthrough?

—If now we are supporting only our traditional economy, machine building in particular, closely connected with automobile construction, then we shall not be able to catch up with our neighbors—the Samara or Nizhny Novgorod Regions—for a long time. Like in the case with baron Munchausen, when he pulled himself out with the help of his own hair, we had to identify the most important directions, which would help to pull us out to a caravan of regions, interesting for the Federal Government, Russia as a whole and other developed world countries. One of the breakthrough directions is what we call today the Nuclear Innovative Cluster. We have been planning long ago to create a “clever city”—science town—in Dimitrovgrad, where Scientific Research Institute of Atomic Reactors (RIAR) is located. And “it was a sin not to use the situation”, when the state defined nuclear technologies and medicine as the most important innovative trends of development. It was a sin not to use our advantageous geographical location; besides, our ancestors did a good job in the establishment of a furcate transport network—air, river, auto- and rail-ways, connecting the region with all parts of the world. The most important direction of the technological breakthrough is aviation and aircraft industry, which accumulate most advanced technologies of the different branches of science and engineering. And this direction is well known to be a very big sector of our economy: a score of enterprises, directly or indirectly connected with aviation and aircraft industry, including AVIASTAR-SP, the biggest aircraft building factory, Volga-Dnepr, the biggest
airline, the only one in Russia Special Economic Port Zone on the basis of Ulyanovsk-Vostochny airport. Not without reason we decided to use such a daring and ambitious brand as “Ulyanovsk—the aviation capital of Russia”.

But there are some more breakthrough directions. For example, in the cultural sector. Voluntarily or not, our land is positioned like a birthplace of talents. Denis Davydov, Ivan Goncharov, Nikolay Karamzin, Nikolay Zaykov, Arcady Plastov … one may continue the list further and further on. Here academician Igor Kurchatov spent his childhood, Andrey Sakharov developed himself as a scientist. And if we want to reach a success in the innovative economy, we must support and develop the regional culture, attracting regional and federal funds and private investments. One can not do without it.

—Why have you chosen such a term as a “breakthrough”?—

—Because we need it at once, here and now. Otherwise, afterwards it will be late. For example, if not to lay down forces for the development of the nuclear technologies center now, tomorrow all this will be actively used in the Samara, Tomsk, Kaluga Regions, and we shall be left at the level of the regions—suppliers of the second or third grade of production, we shall become a ordinary raw appendage. What other term may be used to characterize the processes, going on in the region? Yet, some years ago the Ulyanovsk Region was considered to be a depressed region with undeveloped economy. We had to make great efforts for the region to become recognizable at the federal level. We started to become recognizable, we started to be provided with recourses. Priority projects, being realized in our region today, are the result of proposals, which we have made to the federal center. I would like to remind that in 2005 there was not any mentioning of the Ulyanovsk Region in the Strategy of development of the Russian Federation. On the contrary, there was a problem of nuclear safety and of RIAR retention. We started to actively propose, I must stress the point,—not to ask, but to propose,—the projects, which can be implemented already today on our territory in the interests of the whole of Russia. As a result, we see that Special Economic Port Zone, Aviation cluster, Nuclear cluster have been created in the region; Volga Transit Project is being implemented; two more serious projects—Zavolzhie industrial zone creation and Simbirsck Ring project of the territory complex development—are financed by the RF Investment Fund. On the RIAR base under the auspices of ROSNANO and Federal Biomedical Agency Nuclear-innovative cluster, Nuclear medicine center are being established.

—For how long the breakthrough period may last? What are the breakthrough objectives? When and what result the Ulyanovsk Region should get?—

—We would like to get the first results already by the end of 2012, and in general our breakthrough projects are meant for 4–5 years. What shall we get? Change of the structure of economy, its modernization and increase of competitiveness. We assume that by 2013–2014 we should be among the leading regions of Russia.

—Do you have any real breakthrough program? Strategy? Tactics?—

—Of course, we have. While working out the region development strategy up to 2020, we seriously analyzed two ways of development—industrial and innovative. A lot of regions use the industrial way, which is quite justified. The innovative way is quite a complicated one, quite often risky, on this way one should change not only the regulatory and legal framework, but people’s psychology as well. And at first steps, up to 2012, we shall mostly use the industrial way, creating a foundation for future innovative, “clever” economy. In this respect we are even changing the regional Government structure; today our team, all my deputies are free from petty-minded meddling of branches they are in charge of, in order for them to concentrate on breakthrough directions. This is already tactics.

—It is not a secret that any transfer to new technologies requires big costs, very weighty financial instillations. But the Ulyanovsk Region is not rich, there are no free funds in the regional budget. Where to take these funds from? How much is required?—

—Certainly, the Ulyanovsk Region lives not in the way it could live. But I would like to point out that the region is already far from being the same as some years ago, when it was related to depressed ones. In comparison with 2005, the influence of the regional budget on economy was increased in more that three times. And this year, most likely, we shall reach the next peak of the own income, which fact gives new opportunities to allocate funds not only for social items, but for development as well. But this is not enough to attract new resources. First of all—financial means from the Russian Federation Investment Fund. One must make the maximum use of those directions, which may cause the interest of the Federal Government, and which development can be additionally financed by the federal funds. We have already received several billions of rubles from the RF Investment Fund for Zavolzhie industrial zone and for Simbirsck Ring Project. Projects on creation of new industrial zones are under consideration. On a co-financial principle
we try to make the maximum use of attracting the funds from state corporations, first of all, from ROSNANO. By the way, so far only two regions of Russia have defended their state programs at ROSNANO—the Ulyanovsk Region and the Perm Territory. The rest of the regions have not managed yet to prove their readiness to actively cooperate with the state corporation. Of course, there is a need of private investments. Today's package of merely realistic investments (the rest, still disputable investment projects, are not included here) is amounting to 140 bln rubles. It is more than our gross regional product. And, if in the nearest 3–4 years we are able to allocate about 100 bln rubles more for the development of the regional economy, it will be a very serious breakthrough to the new level. One more direction is active flotation of bonded loans that we shall be dealing with starting from the next year. It will give an opportunity to additionally attract some more dozens of billions of rubles, which will be allocated for the development of social infrastructure. And the last thing, I have made a decision on establishment of a big center of state-private partnership; according to our calculations, new projects of this direction should bring about 50 bln rubles more, and we shall allocate them for the region development. Totally we need to have not less than 300 bln rubles for a serious breakthrough. I hope that we shall manage to achieve 250 bln rubles, which will be sufficient just to use your potential. I have already talked about the support of culture. The jubilee of Ivan Goncharov, the great writer, our compatriot, is approaching. It functions like a resource, consolidating society. The total cost of the jubilee activities will amount in general to about 6 bln rubles. But it will also include the federal funds, which we can assign to the cultural sphere. Ahead we have a 250th anniversary of Nikolay Karamzin. In 2013—a 120th anniversary of Arcady Plastov, the great painter. And this is not only restoration of historical monuments, establishment of new museums, development of culture, the high level of which, as I have said, is important for innovative development. But it is also another opportunity to present the Ulyanovsk Region, which has been associated abroad only with the name of Lenin till the last time. It is very important to declare that we are different already due to the crisis, we introduced a concept aimed at. It is necessary to provide investors with ready utilities free production sites and transport access roads. Effective investment policy is required here. I think that the most progressive investment legislation in Russia is acting in the Ulyanovsk Region. Traditionally we ensure property tax and profit tax remissions. Last year, due to the crisis, we introduced a concept of a project to be implemented under special conditions. Within the framework of this program any investor, who comes to us with the investments of more than 200 mln rubles, gets profit and property tax benefits, subsidies for utilities’ construction and connection to the network of all natural monopolies. In other words, if you come with the project of a hotel construction, or, say, establishment of some production, you will get all benefits, provided by the region, plus subsidies for buying out of a land plot, if it is in a state or municipal ownership. This is a serious support.

—from the first person

In the beginning of our talk you used a very capacious metaphor—the image of baron Munchausen, pulling himself out of the swamp with his hair…

Sceptics say that it is impossible “to pull yourself out with your own hair”, bargains can’t be choosers,—how to create conditions for investors, when there are no funds for priorities. But it is possible to lay down all forces to attract investments, to create comfortable conditions for investors, to get the income from implemented investment projects for the budget, and to allocate these funds again for infrastructure development and creation of conditions, attractive for investors. And thus, step by step, “to pull yourself out of the swamp”. One may come to work every day and be quite happy with what is available. If, for example, they say that Moscow has the idea to place some production here, it is good enough. A kind of God’s gift for obedience and good behavior. But one can approach the future in another way and start to look for new options of the region development. Hereto breakthrough directions have been identified, and are being daily controlled by the regional Government team. It is necessary just to use your potential. I have already talked about the support of culture. The jubilee of Ivan Goncharov, the great writer, our compatriot, is approaching. It functions like a resource, consolidating society. The total cost of the jubilee activities will amount in general to about 6 bln rubles. But it will also include the federal funds, which we can assign to the cultural sphere. Ahead we have a 250th anniversary of Nikolay Karamzin. In 2013—a 120th anniversary of Arcady Plastov, the great painter. And this is not only restoration of historical monuments, establishment of new museums, development of culture, the high level of which, as I have said, is important for innovative development. But it is also another opportunity to present the Ulyanovsk Region, which has been associated abroad only with the name of Lenin till the last time. It is very important to declare that we are different already due to the crisis, we introduced a concept aimed at. It is necessary to provide investors with ready utilities free production sites and transport access roads. Effective investment policy is required here. I think that the most progressive investment legislation in Russia is acting in the Ulyanovsk Region. Traditionally we ensure property tax and profit tax remissions. Last year, due to the crisis, we introduced a concept of a project to be implemented under special conditions. Within the framework of this program any investor, who comes to us with the investments of more than 200 mln rubles, gets profit and property tax benefits, subsidies for utilities’ construction and connection to the network of all natural monopolies. In other words, if you come with the project of a hotel construction, or, say, establishment of some production, you will get all benefits, provided by the region, plus subsidies for buying out of a land plot, if it is in a state or municipal ownership. This is a serious support.
And, certainly, it is important to provide training of highly qualified potential staff. Establishment of Special Economic Port Zone on the basis of Ulyanovsk-Vostochny airport has become an excellent mechanism in support of high-tech production development in the region. Scientifically-educational and industrial cluster Ulyanovsk-Avia was created with the task not only to develop internal cooperation of aviation and aircraft building enterprises, but also to involve science and education into the production process. The innovative breakthrough is already impossible without it. And the effectiveness of the first step—establishment of a recourse center, providing training and retraining of specialists within required professions—has already been appreciated by the cluster leading enterprises.

I also think that it is not less important to create such conditions in the region when managers, who will implement investment projects, and all region inhabitants feel themselves comfortable here. And it means accommodation, roads, transport, hotels, clinics, schools, kindergartens, etc. Directly for Zavolzhie industrial zone the project of a complex housing and public development of the territory was worked out for the total living area of more than 8 million square meters, including expo-center, hotel, yacht-club, health and fitness center, aqua-park, city stadium, multi-functional cultural complex. And the fact that a world-famous Hilton company, which is far from being present in all cities with a million population, has started the hotel construction in Ulyanovsk, means that the investment boom is expected in our city.

—A technological breakthrough will require a staff breakthrough. And specialists require housing and fair wage provision. Only then it is possible to hold them in the region. And does the region have such possibilities, if now the average wages level in the Ulyanovsk Region is far behind even Samara, to say nothing of Moscow and the Moscow Region?

—Yes, I know that the Ulyanovsk specialists—economists, programmers, managers, air-constructors and air-specialists, doctors, nuclear physicists, builders and people of many other demanded professions—are highly appreciated in Moscow and St. Petersburg, and quite often professionals leave for these cities in search of higher salaries. But, first of all, I have already mentioned the Munchausen effect. It is also applicable for this sphere. Exactly the low level of average wages quite often attracts investors to our region, who are ready to offer a more fair income to qualified specialists. And the more investors we attract to the Ulyanovsk Region, the more possibilities we shall have to hold good specialists within the region. Competition of investors in the struggle for specialists will grow, gradually the average level of wages will increase. Besides, we have made a decision that starting from the next study year, school graduates, who have passed the Uniform State Exam with not less than 225 points and entered higher educational institutions of the Ulyanovsk Region, will receive a state regional scholarship in the amount of 3–5 thou rubles. As I have already said, we started to actively create recourse centers, where young people may get education on the demanded working specialties and work skills with application of the most advanced equipment, so that afterwards they may have a fair salary, not looking for it in other regions. And, thirdly, now we finish to select perspective young people—there are very interesting politicians, businessmen and social block representatives among them,—whom afterwards we shall be sending to the leading institutions of higher education in the country and abroad to get extended education (and for somebody the main one) at the expense of the state funds. And all of them will return here, because they have already put down roots in their small homeland. That is why I have no doubts that the staff problem will be resolved.

—Are there any additional, apart from purely economic breakthrough instruments, but important tools to implement scientific-technological breakthrough?

—I think that they are available, and have been invented long time ago: ideology, agitation and propaganda. Not in the political sense, let parties deal with political agitation, proving who is better and more caring. I am talking about social-economic sense. We pay a great attention to the work with mass media and with society as a whole. It is not by chance that this work is controlled by Svetlana Openysheva, my closest deputy. And it is not by chance that we are creating a media-holding which, on the one hand, will assist in mass media development, and on the other hand, in more detail and more objectively will help us to tell about our plans, to talk with the citizens of the region about our tasks, problems, failures and successes, about our new projects and new opportunities for everyone. So that it would become fashionable to be educated, clever, advanced, as young people say, so that it would become fashionable to love your small homeland and big motherland and think about its prosperity, to take care of the own city, to strive for great professional achievements.
LORDS OF CLIMATE

The investment climate of the region may be and should be changed and improved. This is the idea of Dmitry Ryabov, CEO of OJSC Ulyanovsk Region Development Corporation. How to change the climate and what it depends on, Dmitry Ryabov tells us in the interview with Sergey Titov, the issue editor.

—Dmitry Alexandrovich, I would like to talk to you about the Ulyanovsk Region climate. The investment one. Ulyanovsk Region Development Corporation, in particular, is responsible for its formation. What is, to your mind, the most attractive factor for potential investors: specific geographical location of Ulyanovsk, low average level of salaries, business profitability or investment climate itself?

Is it possible to identify these factors' ratio?

—The investment climate is a multiple-vector task, and the work should be carried out simultaneously in all directions. I think that apart from geographical location, low labor cost, business profitability, there are also existing preferences and tax remissions for investors. And there are two more very important factors that influence the decision of investors to enter the region. The first one is activity and adequacy of the regional government authorities. It's very difficult to indicate the exact percentage, because for every investor the correlation of these factors is individual, but, if to average, the regional government activity is about 30% within the total scope of influential factors. During the crisis year not a single investor came to us independently. If it were not for the activity of the Ulyanovsk region Governor and the region Government officials and Corporation staff there, most likely, would not have been a single big project in the Ulyanovsk Region. But even in crisis conditions I would put the regional government activity in the first place. But, strange as it may seem, if earlier the economic conditions factor was the second important one, today comfortable environment (i.e. comfortable conditions for living and business) is in the second place. Now business representatives want to live in a comfortable city, where good quality service is guaranteed (good hotels, restaurants); and this factor also makes up about 30% of importance. And about...
DMITRY RYABOV was born in 1976 in Ulyanovsk. He graduated from the Ulyanovsk State Technical University. He worked as an individual entrepreneur, Director of PRIMA-LUX ltd., DARS ltd., Deputy Mayor of Ulyanovsk on the issues of industry, entrepreneurship, transport, communication and investments. In May, 2006 he has become the Minister of Investments and External Affairs of the Ulyanovsk Region, in July, 2008—Vice-Premier of the Region Government, and in May, 2009 he was appointed CEO of UI.R.D.C.

In order to support and develop investor activity the Law No. 19-ZO, dated 15.03.2005, “Development of Investment Activities in the Ulyanovsk Region” was enacted.

- Investments Council has been established
- Regional Government officials have been made responsible for large investment projects to ensure support and continuous follow-up
- Dates of provision of land allotments are fixed in agreement with federal and municipal authorities (maximum—94 days)
- Regular monitoring and follow-up of investment projects at the Governor’s level

MAIN INVESTOR PREFERENCES

- Tax privileges for up to 5 years:
  - property tax—zero rate
  - profit tax—4.5% reduction
  - land tax—to be fixed by municipal entities
- Provision of state guarantees and bid security
- Establishment of industrial zones, provided with utilities
- Information, organizational and administrative support

ANTI-CRISIS PACKAGE

- Prolongation of tax privileges period for up to 8 years
- Transport tax exemption
- Annual subsidies for the following costs:
  - buying out of land plots out of state or municipal ownership
  - supply, connection and technological installation of utilities
  - payment of interests on credits and loans, involved in the land buy out and infrastructure supply.

Environment

In other words, we are forming manpower training system required for the region and who will train them is to be formed. In other words, we are forming manpower training system with regard to the objectives of the region; here we work together with the Ministry of Education of the Ulyanovsk Region. Education should be flexible, and educational institutions should train specialists according to the requirements of new investors and the needs of the real sector of economics. Thus, for the A–320 conversion project there is a need of one type of specialists, for the composite materials production of another one. New specialists will be required for the Nuclear-Innovative Cluster. Now the development of such type of a flexible educational system with the involvement of leading universities from other regions, Moscow and abroad, is being done on the basis of the Aviation Cluster (as one of the strategic trends of the region). Negotiations on a joint project of training of pilots for foreign types of aircrafts are being carried out with the Oxford Aviaition Academy, as well as with Lufthansa Technical Training—on training of technical specialists on the basis of already established Recourse Center of the Aviation Cluster.

—You have called comfortable environment as the second important factor. What do foreign investors mean by this?

—In responses to our inquiries investors name some specific items they are interested in pavements, roads, general city improvement, service level at the airports, railway stations, hotels, restaurants. They themselves draw our attention to such facts as: “revamp your airport”, or “there must be a good-level hotel”. It is clear that even without their instructions the authorities of the regional center and of the region should take care of it. But under the conditions of the budgetary funds deficit they mostly leave service and improvements for the future, solving immediate problems. And now this exactly trend
is becoming one of the main ones, because general development of the region depends on it. In this case foreign investors are becoming a catalyst. The Ulyanovsk Region Government and the Ulyanovsk City Administration developed a comprehensive plan of comfortable environment creation, in which three main blocks are specified. The first one is related to the environment improvement of the cities Ulyanovsk and Dimitrovgrad. The second block is availability of public places for investors’ staff (hotels, airports, railway stations, restaurants). And the third one is educational institutions, clinics of Ulyanovsk, so that every specialist, including a foreign one, who arrives at the city, could feel himself quite comfortable. For example, the city needs hotels of international level, and the agreement with AVIA-COR Construction Corporation on construction of Hilton Garden Inn Hotel in the central part of the city has been signed in April, 2010. There is a need of restaurants and cafes with English speaking waiters and corresponding menu, free access to wide-band Internet. Separate kindergarden groups with English speaking specialists are required. Foreigners would like to know where they can make hotel reservations, to what clinic they can go, where they will be understood and cured. Taxi drivers must understand at least a little bit of English in order to get a guest to his destination. It is clear that this process is a gradual one. However, already now some specific steps are being undertaken. An inbound tourism agency will be created in Ulyanovsk with a unified 24 hour dispatcher service. Foreigners are interested in transport services of modern level to rent a good car for a specified period. We have explored the issue, and there are already companies in Ulyanovsk, ready to render such kind of services. At present special service standards are being developed, which the regional management will be bringing to the attention of business managers via their branch associations. I hope that businessmen will accept this and start to strive for the higher level, because in future this effort will return to them in form of growing income.

—Is it difficult to form special investment climate in the region?
—I would speak not so much about the difficulty of this work as about its duration. With coming of Sergey Ivanovich Morozov, the Governor, and his team the investments were announced a priority. During five years we have been actively involved in it, and now we have become recognizable: at the federal level the Ulyanovsk region is considered to be one of the most active players in the field of investment activities. We are quite advanced in the sphere of economic conditions and monitoring system creation, providing investors with the whole set of assistance and preferences, existing in the world practice. But we are only in the very beginning of providing comfortable environment.

—Are there any underwater stones on the way to form the investment climate?
—They appear periodically. The main thing for us is to get a feedback from investors and react in due time. For example, clear understanding of the fact that we must create a comfortable environment came quite recently, when investors started to show special interest in the region living conditions. There were times when managers of enterprises and different associations declared that coming of an investor might bring damage to a small business. And one of the biggest victories of the last time is that now everybody understands that coming of foreign investors is for good within small businesses; and broadest niches for smaller businesses and services, forming around a big anchor investor, will be very profitable. That is the way of the whole world. I think that the Governor’s great achievement is that today in the Ulyanovsk Region all managers of the Regional Ministries, municipalities, federal structures and business representatives realize the importance of worthy investors attraction. And our people now understand the importance of investments attraction and forming of the investment climate in the region.

—Similarly to the natural climate, is there a danger that by improving one thing we violate equilibrium in another one, and it can influence economic, social, ecological situation in our region?
—Frankly speaking, we do not see such risks for the region. But for two limits which we had from the very beginning. We do not work with the investors with high ecological risks. And we do not work with those, consume too many resources. Our investment legislation has been developed in such a way that investment projects, first of all, are in line with the above requirements. Besides, we have

By the end of 2009 the growth of capital investments could be observed only in 23 Russian regions. On volume index for capital investments the Ulyanovsk region ranks 27th among regions of Russia and comes first (95%) among regions of the Volga Federal District. On absolute index of capital investment it ranks 8th among regions of the Volga Federal District.
not yet reached such a level of investments, when too big amount of new investors may start to grow into a negative quality and lead to some negative consequences or additional risks.

—According to the assessment of Expert-RA Agency, so far the Ulyanovsk Region is considered to be an under-invested region. Does it mean that the existing rule when, as experts note, with the growth of investment volumes the investment risks start to increase, bas nothing to do with the Ulyanovsk Region yet?

—Yes, the niche is quite unoccupied yet, although by the rate of growth of foreign investments, and even by their volume, we have left many regions behind. For example, in Zavolzhye industrial zone with possibilities to locate about 10 big productions only two enterprises have been put into operation so far, two more projects will be implemented in the nearest time. Recently Novospasskoye and Novoulyanovsk industrial zones have started to accept investors, Special Economic Port Zone is at the stage of formation. We have potential and resources: the regional economy is already prepared to accept about two dozens of declared production projects.

—For the potential big investors the fact of under-investment of the region might become a signal to the following: placing of investment projects in the Ulyanovsk Region is more profitable now and bas less investment risks. Is it true?

—Certainly, foreign companies study market and region researches, but I do not think that this is a decisive factor. All begins with identification of potential regions with favorable conditions for investments, and here the main point is awareness of investors. That is why it is important for us to be a distinguished region. If we get into a contemplation pool, then further a lot of things will be decided during negotiations, where the most important factor is the position of the Governor.

—How are today's investment risks of our region being evaluated?

—According to the research Expert-RA Agency, foreign investors, as a rule, among the main risks consider criminal, social, managing, financial and ecological ones. Last year the Ulyanovsk Region took the third place in Russia with regard to a minimum level of the criminal risk (which fact, first of all, characterizes the low level of corruption). As for the level of the managing risk—adequacy and activity of the government authorities, investors-oriented policy, state support—we are quite highly evaluated. Also we get high marks on the financial risks; our financial condition is stable, the region practically has no debts. I have already talked about ecological risks, special attention is paid to them. The remainder of the social risk is composed of the population income level and general living standards. Here we have something to aim at.

But, on the other hand, low labor cost may be attractive for investors.

—Did you happen to compare evaluations of the region, made by the potential investors and those who have already entered the region?

—We watch the situation, we have no examples, when any investor, who has already entered the region, would suddenly regret or negatively respond. There are many problems, but we resolve them in the working order, individually with every investor. Those, who only intend to enter, are more cautious, they are thoroughly inquiring about everything. And in this case we give them a possibility to get answers from already acting investors: one thing is ourselves, who propose and persuade, and another are people from homeland: the Danish, the German, the English. They have no reason “to paint the situation in bright colors”. Sometimes at the decisive stage foreign companies, without giving us any notice, send their representative to Ulyanovsk for “reconnaissance”, and he is getting himself acquainted with Ulyanovsk, visits restaurants, hotels, hence evaluating a comfortable environment, making himself sure that we are not exaggerating anything.

—To what kind of investments does Corporation pay more attention to-day, to the state or to the private ones?

—It is impossible to say, which one do we prefer. Both. Our attention and our efforts depend on the importance of the project, simply the approaches are different. We need both. But one can not do without another. State investments, first of all, form infrastructure, which is a prerequisite for private investment projects’ implementation. If there were no established engineering and transport infrastructure in the industrial zone, nobody would have come.

Environment

OJSC Ulyanovsk Region Development Corporation was established in 2009. 100% of Corporation’s shares is in the possession of the Ulyanovsk Region. The authorized capital amounts to 62 mln rubles, and in the long-term it is planned to be 150 mln rubles. The main objective is to attract investments into the economy of the region, also to develop industrial zones and to support large investment infrastructure projects. Corporation provides investors with comprehensive one-stop support, acting like a single control center, optimizing the process of entering the region by Russian and foreign companies.
—And what about the portfolio and the direct ones?
—Historically, above all, we are aiming at direct investments. The portfolio ones are so far being considered within the framework of modernization of the existing enterprises.

—But are there still priority branches?
—The region is interested to attract investors in any branches, if only they meet our requirements: they should not damage the environment and consume too much of the resources. We always pay attention to the traditional branches of economy, automotive industry inclusive. But there are two strategic trends—aviation and nuclear-innovative clusters. Their foundation was laid already by our fathers and grandfathers, today they are in a great demand, and this is forever. And in these fields we attract investors, although it is clear that the main player within these spheres is the state. We actively work with ROSNANO State Corporation. This direction is very interesting for us as a way to modernize enterprises, to improve the existing technologies, and to create high-tech productions in the region in order to be competitive.

—How do these vectors change in the course of time, depending on the world and Russian economic situation? Does Corporation consider this factor in its forecasts?
—We constantly trace new niches, the way the world leaders treat them. And if we notice a tendency, we pay attention to this sector. Today, for example, food industry is perspectives. Twice or thrice in a year Ulyanovsk delegations visit big profile enterprises: recently, for the first time, we attended PRODEXPO-2010 International Exhibition with our exposition, and immediately got 15 investment contacts. It is clear that not all of them will turn into investment projects, but even if there are two or three, it is excellent. Or another example, the Federal Government has stated that it is necessary to produce our own, Russian medicines. It means that the market is becoming interesting, and we start to act. And to work energetically. As an example: these was a very short time period, when big telecommunication holdings were determining where to locate call-centers. The Ulyanovsk Region managed to notice this sector in time and won the tender. As a result two all-Russian call-centers will be located just in our region.

—Actually, competitive struggle is going on in the regions for big foreign investors. It is good to forecast, but it is not enough. It is necessary to be in time, but it is too little. It is important to be attractive, but it is not decisive. Nevertheless, you work is marked as very successful. Does Corporation have any specific technologies of forming the investment climate?
—We have specific results, which we consider to be our competitive advantage in the investment activity. We use the whole arsenal of tools which at present has been invented in the world for region marketing and investments attraction. But I will tell you nothing about it, because I do not want our competitors use it. Competition is very strong, and will be intensifying every day. I may tell you only one thing: we are not going to hide anything concerning potential investors, concerning ourselves and our economic situation; we are always open to partners, and our aim is to provide both the region and investors with a qualitative and expectations justifying result.
ADMINISTRATOR PULLS THE AIRCRAFT

Regional authorities go in for aviation development

The Government of the Ulyanovsk Region has chosen aviation as one of the priorities in the development of the region economy. And, in spite of the fact that the future of Aviation cluster, aircraft factory AVIASTAR-SP, is completely dependent on the Federal Center position, regional authorities intend to create the conditions for the rhythmic work by themselves.

Profitable priority

The regional Government is proud of and try to use in the region interests such concentration of aviation branch enterprises (in some cases it is risky, because aircraft construction is dependent in many respects on the position of the Federal Center and aircraft building world market conditions). Administrators seriously call Ulyanovsk the aviation capital of Russia, recently the regional target-oriented program “Ulyanovsk—aviation capital” has been adopted, the main objective of which is “to ensure a stable development of aviation trends in the Ulyanovsk Region, based on the increase of the region marketing attractiveness”. It is planned to spend more than 9 bln rubles for the program activities, out of which 500 mln rubles—from the regional budget, 1.2 bln rubles—from the federal budget, and 7.3 bln rubles—“from other sources” (not disclosed). Among the activities one can mention technical retooling of aircraft factory AVIASTAR-SP and aviation cluster enterprises, airports reconstruction, different types of aircraft plants state support.

Vildan Zinnurov, Vice-Premier of the Region Government (with the responsibility in real economy, industry and transport) thinks that reference of aviation to “breakthrough” projects of the region development is absolutely justified and logical. “Aviation,” explains he, “is a very high-tech branch, it brings added value a sequence higher than other branches of industry and transport, available in the region. Aircraft construction gives 1.5–2 thou USD per one kilogram of a product, and other branches—not more than 100–150 USD. Second, today AVIASTAR-SP potential is
used only for 15–20%, although there are all prerequisites for the full load of the enterprise. And if, for example, in the automobile industry or in construction materials production it is possible to increase the production volume by 30 or 50%, even, ideally, twice as much, then in aircraft building—in five-ten times as a minimum!

Third, aviation cluster potential, forming around AVIACON as its core, is broadening. Here one can list Special Economic Port Zone (SEPZ) with very big prospects both in conversion of different types of foreign aircrafts and in recurrent technical maintenance of all types of airplanes of the foreign origin. Educational sphere is also included. On the basis of the Civil Aviation Academy 200 air cadets are being trained annually, although the Academy potential is six times higher. But high potential opportunities of the aviation cluster start to be interfaced with growing claims and demands within all these trends. One may say that the critical mass is being intensified, and we are coming to the point of breakthrough to a new level”.

The Governor starts a take-off regime

Meantime, experts mark that, actually, prospects of the aviation cluster development in the region depend on position and political will of the Federal Government, because AVIACON activity depends on orders (including heavy aircrafts for the Ministry of Defense), and they, in their turn, depend on governmental decisions, customs policy of the Federal Center, leasing conditions, new projects finance and a number of other factors. “All aviation industry management is actually carried out via Moscow.—notes Oleg Panteleev, Head of the Analytical Service of AVIAPORT Agency.—Lineup is also defined in Moscow. Even such projects as Eclipse-500 or dirigible production, not requiring the Federal Center agreement, are still difficult for implementation without the federal budget support. Besides, in the majority of cases manufacturers, while developing and marketing new aircrafts pay more attention to state customers than to the private ones. That is why everything still must be aligned with Moscow”. United Aircraft Corporation (UAC) also agrees with the analyst, marking that “support of the Federal power is very important both for the branch enterprises and UAC in general. Last year UAC received funds to decrease the debt load of all organizations, being part of the Corporation; considerable funds are allocated for modernization of production”.

Reference

Sergey Morozov, the Governor of the Ulyanovsk Region, while reporting to the Regional Parliament about the governmental activities in 2009, noted that “crisis demonstrated the need in the quickest modernization of economy”, and that “the main task of the regional administration is development of innovative economy due to implementation of breakthrough projects”. Mr. Morozov related aviation to the main breakthrough directions.

The following aviation enterprises and institutions are located in Ulyanovsk:
- The biggest aircraft factory JS AVIACON-SP, manufacturing TU-204 passenger aircrafts and IL-476 heavy aircrafts;
- JS UTOS factory, manufacturing equipment for altitude-airspeed performance measuring;
- PJSC Ulyanovsk Instrument Engineering Bureau (UKBP)—the leading enterprise of aircraft instruments engineering in the RF, producing electronic display systems;
- Branch office of Tupolev Engineering Bureau;
- Ulyanovsk Science and Technology Center of All-Russia Scientific Research Institute of Aircraft Materials (VIAM);
- JS Ulyanovsk Scientific Research Institute of Air Technology;
- JS GIPROAVIAPROM;
- Volga-Dnepr Airlines (inter-Russia and international cargo carriages by AN-124 RUSLAN and IL-76TD aircrafts);
- Ulyanovsk branch of JS POLET Airlines (inter-Russia and international cargo carriages by AN-124 RUSLAN aircrafts);
- Ulyanovsk Civil Aviation Academy;
- Ulyanovsk College of Aeronautics;
- Regional Recourse Center on Aircraft Engineering Expertise Development (Ulyanovsk Technical College);
- Special Economic Port Zone on the basis of Ulyanovsk-Vostochny airport;
- Air Composite Structure Production Plant (the decision is made to locate the plant in Ulyanovsk);
- “Ulyanovsk-Vostochny” international airport;
- “Ulyanovsk-Central” airport;
- Bely Kluch aerodrome (Ulyanovsk aero-club);
- Air-sports Federation of the Ulyanovsk Region.
However, Mr. Zinnurov considers that “those who say that nothing depends on the regional power are greatly mistaken”. According to Vice-Premier, “the brightest example is SEZ”. The Ulyanovsk Region has become one of three winners in the Federal tender on SEZ in June, 2008. But then the crisis burst out, and out of the two planned airport zones (the second one was to be established in Krasnoyarsk) only the Ulyanovsk SEZ got the signed statement of the RF Government on provision of an official status and Federal financing. Krasnoyarsk could not prove the investment efficiency. As a result, there will be only one airport zone in Russia—in Ulyanovsk. “And it happened only due to persistence and firm position of the Region Administration and the Governor”,—points out Vildan Zinnurov. According to his opinion, practically all Federal projects of the last years in the sphere of aviation and aircraft construction landed in Ulyanovsk, “including air composite materials production, conversion project of A-520 aircrafts and decision to renew AN-124 RUSLAN aircrafts production” are the result of the regional Government activities. “Probably there were also objective reasons, but it was necessary first to create them in the region and then actively demonstrate and prove in practice that they do exist”.

“We do not form the order portfolio, indeed,—agrees Vice-Premier,—but at the same time we try every effort to not leave the Federal power in peace, to convincing the Federal team authorities that it is necessary to create and grow the market of the Russian aircrafts. And there is a reaction. And UAC believed that we consistently support the aircraft building branch. For example, in order to protect our market we initiated the discussion on financial tools of selling the Russian aircrafts in the State Duma, the Federation Council, at the office of Igor Shuvalov, the First Vice-Premier. And we have won approval everywhere. The only thing left to be done is to bring proposals to the standard level”.

In UAC they also consider that a big role in the development of the aviation cluster belongs to the regional authorities, to power. “Regional Government assistance and support of investment activities, provision of subsidies and tax remissions, as well as other preferences to the aviation cluster residents have decisive importance in projects’ success in the sphere of aircraft construction”—pointed out UAC Corporate Communication Department. “Without active position of the region administration and the Governor, many projects would not have been implemented at all, especially SEZ, which should greatly influence the branch development. And we see how actively the interface of the Ulyanovsk Region Government and UAC is being developed. Aircraft building is a priority in the Ulyanovsk Region, the regional power has managed to imbue the slogan “Ulyanovsk—the aviation capital” with specific substance. And this is an indisputable fact”,—notes Mr. Panteleev.

**Per Hamburg score**

Starting from 2007, the Ulyanovsk Region Government started to pay special attention to the development of aircraft construction and the whole aviation branch, forming new advantages of the region. In 2008 in the Concept of Social Economic Development of the Ulyanovsk Region for the period to 2020 the strategy of turning the region into the aviation capital of Russia was declared for the first time. However, at a certain moment the Region Government realized that cardinal changes can not be achieved only with vertical administration (which was the basis in the soviet times).

And in August, 2009 it was declared about the establishment in the Ulyanovsk Region of the managed aviation cluster—Consortium “Research-Education-Production Cluster Ulyanovsk-Avia”, which included at that time 19 enterprises and institutions, directly or indirectly related to aviation and aircraft construction (today they are already 23). Coordination of the Consortium current work is imposed on the managing company “Development of the Ulyanovsk Region Aviation Cluster”.

JS Ulyanovsk Region Development Corporation (ULR.D.C., 100% of shares is in the possession of the Region Government, Corporation is dealing with attraction of investments to the regional economy, development of industrial zones) explains that the idea of a managed aviation cluster was formed on the basis of studying the western experience. Thus, for example, in Hamburg inter-branch plexus of science production and management is supported by the association of enterprises under the name “Aviation Cluster Hamburg/North Germany” (Init...

*“Hamburg score”—an idiom, going back to the Victor Shklovsky’s story about Russian circus wrestlers of the end of XIX—beginning of XX centuries. Normally the winner was agreed before between them, but once a year they met in Hamburg, chose a place far away from public and employers in order to find out in an honest battle, who is stronger in reality. In the Russian language this idiom means a real system of values, identification of an actual, not formal, place in the status hierarchy.*

In the nearest future—production recovery of the biggest in the world heavy aircrafts AN-124 RUSLAN in a profoundly modernized version.
Management technologies

In the United Aircraft Corporation (UAC) they believe that the Aviation Cluster core—aircraft factory AVIASTAR-SP—has very good development prospects. "Within UAC structure AVIASTAR-SP is one of the biggest manufacturers of civil aircrafts, this specialization will be maintained for the nearest future," as they point out in UAC Corporate Communications Department. "Later the factory will increase the production of aircrafts." In 2010 AVIASTAR-SP supplied two TU-204-100C cargo aircrafts to AVIASTAR -TU Airlines, it is expected that this year two more TU-204-100 aircrafts will be put into operation. In 2010 the main aircraft manufacturer activity will be aimed at preparation for a serial production of IL-476 aircrafts and deeply modernized TU-204CM of the same line. The first two TU-204CM will pass qualification tests already this year, and after that they will be commissioned. Today the company has already yielded real fruit. As it is well known, the cluster principle, developed in 1990 by Michael Porter, professor of Harvard Business School, stipulates introduction of horizontal and vertical interrelation between enterprises and institutions of kindred trends instead of traditional branch division of economy. U.A.R.D.C., the Region Administration and the Governor himself in contact with UAC and the Federal Government provide vertical interrelations. Horizontal ones are being established and improved in course of continuous cluster members’ communication, during the meetings of Ulyanovsk-Avia Supervisory Board. As a result scientists, post-graduates, senior students of the Ulyanovsk State University and the Technical University got into real work on the basis of agreements with aircraft factory JS AVIASTAR-SP, according to which they make a transfer of aircraft IL-476 design-engineering documentation into computer models. The scope of work grew up to 1, 000 items per month. The next task is a switch to 3-D models. The Ulyanovsk State University specialists also begin to develop CALS-technologies for AVIASTAR (CALS—Continuous Acquisition and Life cycle Support). Virtually, it means design and manufacturing, production and quality management, maintenance of a product during its life cycle on the basis of information technologies—3-D models and special software. For the future it is planned to work jointly on the increase of computer design system efficiency due to creation of standard item intelligent libraries, automation of engineering design and technology on the basis of CAD/CAM/CAE systems, as well as carrying out of scientific research and development engineering according to the Consortium members’ orders. A data bank

Future trends of the Ulyanovsk Aviation Cluster

In the United Aircraft Corporation (UAC) they believe that the Aviation Cluster core—aircraft factory AVIASTAR-SP—has very good development prospects. “Within UAC structure AVIASTAR-SP is one of the biggest manufacturers of civil aircrafts, this specialization will be maintained for the nearest future,” as they point out in UAC Corporate Communications Department. “Later the factory will increase the production of aircrafts.” In 2010 AVIASTAR-SP supplied two TU-204-100C cargo aircrafts to AVIASTAR -TU Airlines, it is expected that this year two more TU-204-100 aircrafts will be put into operation. In 2010 the main aircraft manufacturer activity will be aimed at preparation for a serial production of IL-476 aircrafts and deeply modernized TU-204CM of the same line. The first two TU-204CM will pass qualification tests already this year, and after that they will be commissioned. Today the main customer is ATLANT-SOYUZ airline, which has declared about the intention to buy 15 TU-204CM aircrafts. It is planned that in autumn 2010 the contract will be signed on manufacturing of two TU-204–300 aircrafts of a special integration for the RF President Administrative Department. In 2011 the first IL-476 should be assembled and its flight testing should begin. According to Vidal Zinnurov, Vice-Premier of the Region Government, it is supposed that the initial order of the Ministry of Defense will make 20 aircrafts, the total expected order volume is about 70 aircrafts. The region is preparing for implementation of the project to renew production of profoundly modernized version of AN-124 RUSLAN aircraft with new engines and avionics, with glider, calculated for the carrying capacity of 150 tons. On the instruction of the President of the RF the starting customer will be the Ministry of Defense, which, as assumed, is to conclude a contract for 20 machines. 60 machines more are intended to be bought by civil carriers. At present the factory is working on modernization of AN-124 for the Ministry of Defense and for the airlines Volga-Dnepr and Polet. At the end of 2009 IRKUT Corporation (a UAC Commercial Aircrafts business unit, in which AVIASTAR-SP is also included) declared that Ulyanovsk was selected from a number of candidates for A-320 aircrafts conversion from passenger into cargo ones. The conversion line will be located at AVIASTAR-SP areas. In February, 2010 UAC made a decision to select AVIASTAR-SP out of four main candidates to locate the production of air-composites (firstly, the so called “black wing”). IRKUT Corporation also decided to include AVIASTAR-SP into IRKUT programs. One of the main programs is participation in manufacturing and after-sale support of MC-21 aircraft. Important aircraft components will be manufactured in Ulyanovsk, finish operations of the production cycle will be also performed here—painting and interior installation. Within the framework of MC-21 program it is also planned to establish in Ulyanovsk a joint venture with the company C&D technologies (USA) on aircraft components manufacturing and aircraft interior systems installation. The opportunity to open a MC-21 service center in Ulyanovsk is under consideration. A number of new enterprises on production of aircraft components, small aviation aircrafts and maintenance of foreign aircrafts will be located on the base of the Special Economic Port Zone. Negotiations with the Oxford Aviation Academy are carried out to establish a training center on the basis of the Ulyanovsk Civil Aviation Academy for pilots to work on foreign aircrafts.
has been developed on small-scale enterprises, which can potentially fulfill outsourcing orders of Consortium members. The nearest task is to create multiple-access centers, which will allow Consortium members to jointly use the most modern, unique (and very expensive) equipment for research, education and production purposes. With this objective in view the cluster managing company intends to be included in a number of federal target-oriented programs.

Yuri Polyanskov, President of the Ulyanovsk State University, is sure that apart from Consortium’s scientific activities, its educational activities are of a great importance, “and one has to change the approaches to the higher education”. “Aademic mobility must be provided within applied higher education, when students are able to be trained in well equipped laboratories and get knowledge not only in Ulyanovsk, but also in other leading air universities, for example, in the Samara Airspace University, the Moscow Aeronautical University, the Moscow Institute of Aeronautics and Technology; and, if necessary—also abroad,” says Yuri Polyanskov. “In a similar way training and re-training systems should be structured with involvement of the leading universities of the country”.

Mr. Polyanskov also considers that one of the main conditions of Consortium creation is motivation for communication of all cluster members. And today he is sure that the mutual interest already exists. His words are confirmed by Sergey Dementyev, CEO of AVIASTAR-SP, who points out that “already now the enterprise feels specific use from Consortium establishment”. He has marked that, first of all, he is interested in the Ulyanovsk-Avia Recourse Center, established under support of the regional Ministry of Education, on the basis of which employees will be trained in specific professions, using modern equipment, in the conditions closely approximated to the production ones, “especially because the factory will need trained specialists already in half a year”. “We also feel importance of the work in cooperation with the Ulyanovsk universities, we are interested in airport network development, that the consortium is also dealing with, very interested in the establishment of a unified aircraft maintenance center instead of existing numerous small companies,” pointed out CEO. “Everything is justified here economically, everybody realizes his place in a common cause and economic benefit from participation in the Consortium. For example, the assembly facility specialists are dealing with production, but it is not their matter to generate innovations, their associates will be doing it,” added Vice-Premier Vildan Zinnurov. He also points out that within the cluster framework a big role is played by vertical and horizontal interrelations junction. “Where AVIASTAR management can not solve a problem in the Federal Government directly, we are getting involved, and, if required, we go right up to the Premier or the President of the country. The problem will be resolved, if all parties are concerned,” explained Mr. Zinnurov.

**Attractive system**

In Corporation they consider aviation and aircraft construction building to be a sphere with a high investment potential, and Ulyanovsk-Avia Consortium—to be a system, attractive for investors. “First of all, it is a recognizable structure for the foreign investors, it works already there,” says Sergey Vasin, Executive Director of U.I.R.D.C. “Besides, they understand that Consortium will coordinate the activities, assist small and medium companies, interacting with UAC, government and science. And for us this is another possibility to attract high-tech companies, competitive at the world market, to the region. Especially it is assumed that aircraft construction air building and air-components manufacturing enterprises may become customers of research work at the Nanotechnology Center of the region. UAC is involved in negotiations to establish a competence center—a scientific-research group on composite materials and other new trends within aircraft construction. Availability of Ulyanovsk-Avia should become an additional factor in favor of Ulyanovsk in the process of region selection by investors. I believe that for high-tech investors it is very important to have a scientific environment and special education system, which will be transforming to the interests of new productions”. Mr. Vasin also marks that so far he does not know of any other similar clusters existing in Russia, having own managing company (Ulyanovsk Region Air Cluster Development) and acting like a self-organizing system.

Mr. Zinnurov shares the opinion of U.I.R.D.C. Executive Director: “West investors are admirers of a SYSTEM, they value system arrangement in everything. And here the system is formed, and this fact should attract them”.

“International experience shows that such systems as research-education-production clusters are effective. The potential of the Ulyanovsk Aviation Cluster is very big, but it only just has started to work and fell under crisis that is why it is too early to make conclusions”,—added Oleg Panteleev, Head of Analytical Service of AVIAPORT Agency.
RESIDENTS GO TO THE ZONE

A year and a half of expectations—and Special Economic Port Zone (SEPZ), being created on the basis of international airport Ulyanovsk-Vostochny, has got an official status, the amount of finance has been identified and the active stage of work with potential residents has started. The stage of investors’ apprehensions has finally come to an end. They moved to the stage of “positive doubt”: the number of persons, willing to get information on SEPZ, increased in times. Some big world companies have already expressed the readiness to enter the zone, as soon as it is opened. Others are ready to join a queue in order to visit the region and evaluate the situation on the spot.

Crisis in “oriental” way

In June, 2008 the Ulyanovsk region won the RF Government tender on the right to create Special Economic Port Zone (SEPZ). The acknowledged winners were also Krasnoyarsk region (airport Emelyanovo) and Khabarovsk kraj (area within the sea port Sovetskaya Gavan). However, the Statement on giving the official status to special economic zones (and, accordingly, —on financing) was signed by Vladimir Putin, Prime-Minister of the RF, only a year and a half later, in December, 2009 (December 30—re Ulyanovsk SEPZ, December 31—re Khabarovsk). Krasnoyarsk has never managed to get the governmental statement. According to experts’ opinion, Krasnoyarsk should not figure on this in the nearest future.

Crisis is the reason of such a long delay. “Deterioration of economic situation in the country made the Federal Government review the bids from regions once again,” explains Sergey Vasin, Executive Director of OJSC Ulyanovsk Region Development Corporation. “Amount of finance per three bids was very big. There appeared doubts regarding the payback time for these investments: some companies, intending to enter SEPZ, faced financial difficulties under the conditions of economic instability (among them—Dia-
monday, ETIRC Aviation). At the federal level the idea even appeared to freeze the projects for uncertain time.

Due to the active position of Sergey Morozov, the Governor of the Ulyanovsk Region, it was possible to save the situation. It was he and Dmitry Ryabov, CEO of Ulyanovsk Region Development Corporation, who initiated a series of negotiations both in the Ministry of Economic Development of the RF, and in the Agency on Special Economic Zones. The Head of the Region also applied to Vladimir Putin, Prime-Minister, and made a report to Dmitry Medvedev, President of the RF, during his visit to Ulyanovsk in November, 2009. Besides, before the issuance of the Governmental Statement, VolgaTechnoport Ltd. (50%—JS United Aircraft Corporation and 50%—regional Government in the name of Ulyanovsk Region Development Corporation) together with Development Corporation were actively working in search and attracting of residents. The results of this work allowed to prove to Ministry of Economic Development of the RF that implementation of the project on the territory of the Ulyanovsk Region was profitable. And, finally, the regional Government managed to convince the federal authorities that the project could be implemented even with a small amount of finance. If they divide SEPZ in two launching complexes, it will be possible to start-up the first one already in 2012: the required infrastructure is partially available (the first complex will be located near the airport Ulyanovsk-Vostochniy), residents, ready to develop their business in the zone, are also available.

Most likely, Khabarovsk has performed the same work. Krasnoyarsk could not prove the efficiency of investments. As a result, one airport zone will be developed in Ulyanovsk, and one sea zone—in Sovetskaya Gavan of Khabarovsk.

The tunnel is closed

Initially the talk was about the federal financing of Ulyanovsk SEPZ in the amount of 6.7 bln rubles, which exceeded in times the amount of 762 mln rubles, defined in the RF Statement (co-financing from the regional budget and the budget of Cherdaklinsky district—575 mln rubles). But the area should also be larger, namely 540 ha. Now the Region has concentrated all forces and financial possibilities only on the first launching complex with the area of 120 ha.

Federal funds will be used to create the customs’ infrastructure: enclosure of SEPZ territory, lighting, CCTV and alarm systems, construction of access and internal motor-roads, parking place, etc. The nearest expenses are expected in summer, 2010, for SEPZ creation and development concept for 49 years and design of the territory layout (the design should be finished by autumn, 2010). The regional funds will be used for utilities construction (gas and water supply, water discharge). Private investor form Ulyanovsk promised to connect electric power supply at his own expenses.

Certainly, with the reduction of financing, a lot of things were to be rejected. According to Sergey Vasin, in the list of “refusals” was included, for example, an expensive tunnel under bearing track of the airport Ulyanovsk-Vostochniy. Within the first launching complex there will be no construction of an administrative building (earlier it was planned to locate business-centre, comprehensive one-stop support, rent offices in this building, apart from managing company premises). “Indeed, we are not going to build in the open field, but near a functioning airport,—explains Mr. Vasin.—Accordingly, some part of the infrastructure we may locate in the existing building of the control tower and in other facilities, belonging to the airport. We shall leave only essential items. The rest will be moved to the second stage. As soon as the first stage demonstrates its efficiency both per residents and per taxes, we shall try to do the utmost to get more financing for the second complex, than for the first one”.

A three-head zone

Construction of SEPZ and development of its regime is not a quick activity. Design of the first launching complex and SEPZ administra- tion formation are still ahead.
In general, the zone management structure is clear. According to Dmitry Ryabov, CEO of Ulyanovsk Region Development Corporation, special economic zones will be controlled by three managing bodies. “Expert Council, attached to the Ministry of Economic Development of the RF, will make decisions on giving a status of a resident. Supervisory Board, formed out of representatives from the Ministry of Economic Development, regional and municipal authorities, Chamber of Commerce members, will determine the general strategy of zones’ development. The third body is the zone’s administration itself. It will be created closer to winter, 2010, after the development concept is formulated, and application of funds begins”, — Mr. Ryabov told.

At the stage of the concept development relations between entities, participating in the creation of a zone, will be arranged by means of contractual links in order to perform this or that function. For example, VolgaTechnoport jointly with Development Corporation will be searching new residents and working with the existing ones, and forming a land plot for the free economic zone. Besides, the company takes part in all regional exhibitions-forums specialized Russian and international exhibitions-forums in the sphere of aviation, technical complexes, and carries out direct negotiations with the main leaders of aviation business.

Impatient residents
The first SEPA resident will be Volga-Dnepr Technics Ulyanovsk Ltd., a daughter company of Volga-Dnepr Group. Their project on creation of a base for technical maintenance of Russian and foreign aircrafts had appeared long before the time, when in Ulyanovsk they started the talks about the creation of SEPZ.

“Our first similar base with two hangars was built in the United Arabian Emirates,” informs Victor Prokopchik, SEPZ Project Manager of Volga-Dnepr Airlines. “This year we shall begin to maintain the aircrafts, based in the Middle East. Next stage of the project is construction of three hangars at Ulyanovsk SEPZ. In order to start realization of these plans Volga-Dnepr Group has already allocated 3 mln USD from the own budget. In total, in five years, about 54 mln USD will be invested into the project”.

However, according to Mr. Prokopchik, probably it will not be possible to spend 3 mln USD by the end of the year: in compliance with the action plan on SEPZ development, approved by the Ministry of Economic Development and Regional Government, Volga-Dnepr Technics Ltd. will get the official status of a resident only in September, 2010. “We are running ahead of a locomotive,” explains Victor Prokopchik. “For example, we hold a design tender, although the land has not been allocated yet. At getting a status we shall receive the right to use certain benefits. SEPZ advantages are obvious: exemption from customs duties, from excise taxes, exemption from property tax during 5 years, VAT tax reimbursement upon placement of goods in SEPZ, reduction of profit tax rate by 4%. Undoubtedly, we shall use these benefits.”

The only thing, which does not seriously satisfy the resident for the time being, is imperfection of legislation “On Special Economic Zones”. “It hinders the development of SEPZ, because it creates unequal conditions for maintenance of Russian and foreign aircrafts,” informs Victor Prokopchik. “It is more expensive for Russian companies, than for the foreign ones. Legislation should be changed in this part. We are going to insist on it”.

World leaders’ meeting place
Opening of the customs regime of the zone that is why per the annual output will be 20 converted air liners. According to the preliminary evaluation of the sides the joint venture turnover may amount to 200 mln USD per year, and the forecasted market is up to 400 aircrafts by 2026. The scope of Company’s investments into SEPA (for construction and equipment) will make 1.64 bln rubles.

The third group of residents is connected with the project of placing the factory in Ulyanovsk, producing composite material structures (project of JS United Aircraft Corporation). “Initially the option of its construction within the zone was considered,” informs Dmitry Ryabov. “But after analyzing the project from the view point of reducing time and finance costs, Aviastar-SP Company was selected: there is a ready building and suitable areas. Almost all suppliers of aero-composite are foreign companies. It will be profitable for them to use tax and customs regime of the zone that is why all of them are our potential residents”. So far it is not disclosed, which company will get a contract. It is known that it is one of the world leaders in the technology of advanced materials for aviation, space
and other high technology branches. According to the information from the source of United Aircraft Corporation, close to negotiating process, Cytec Engineered Materials can become this company. The project investments will amount to about 1.5 bln rubles.

One more priority is a pre-sale preparation of aircrafts, first, Sukhoi Superjet-100, made by Superjet International joint venture. “If Superjet’s expectations come true, and sales go abroad, it will be profitable to place a Centre of Pre-Sale Maintenance in the zone,—informs Sergey Vasin.—“Green” planes will fly here, then they will be painted, tuned, armchairs and lighting will be installed. By the way, the next group of residents may be connected with production of plane interiors. We negotiated on this matter with BAE Systems Company, dealing with cabin modernization, but have not signed any agreements yet. We shall enter more active stage of negotiations with these companies, after the regime starts to function in the zone”.

As for logistics, the only resident who is already prepared to “try” logistics this year, is Ulyanovsk airlines Polet. They have a project of logistic center development on SEPZ territory. Probably, AirBridge Cargo (ABC) will become another resident. “So far, such big logistic companies as DHL and Federal Express are only studying us and evaluating the market volume,” informs Mr. Vasin. “Customs transit, logistic hub, export-import logistics—all these forms of the work of potential residents in the zone we relate to the second stage of 2014–2020”.

Risks tend to zero

Naturally, considering the fact that the time period of project implementation and its financing were changed already at the first stage, one can not leave out the risks issue. “Theoretically risks always exist,” explains Mr. Vasin. “On the other hand, there is a signed Statement of the RF Government on establishing Ulyanovsk SEPZ with fixed time and scope of financing. Action plan, approved by municipality, Ministry of Economic Development, JS Special Economic Zones, is also being fulfilled”. According to the opinion of Dmitry Baranov, the leading expert of Finam Management, residents should not have risks. “The main risk is the change of all game rules, closing of SEPZ, withdrawal of property and funds from investors,” points out the expert.

However, according to Mr. Baranov, it is too early for the residents to join a queue for getting into SEPZ. “Until SEPZ is established, it is unlikely that it can be attractive for investors,” he affirms. “After all, a full-fledged infrastructure for customs and tax regime should be developed there: the existing facilities of Ulyanovsk-Vostochny airport may turn out not to be enough. As for prospects, taking into account a unique flight strip of Ulyanovsk-Vostochny and opportunities of Ulyanovsk itself, one may expect that SEPZ prospects are good ones”.

Denis Baryshnikov, CEO of VolgaTechnoport, agrees with the expert in the point that it is untimely to talk about queues to SEPZ for the time being. “As any project, it has to grow up to the stage of queues,” he explains. “The stage of complete denial, when we were told: “You are crazy, you will not make it,” we have already passed by. Now we arrived to the stage of “positive doubt”. The Government Statement was issued, first residents have already started to spend their own project budgets. One can say with certainty that this year the interest to a zone resident’s regime and status in companies—world leaders in aviation branch is a sequence higher in comparison with the last year. Every day we receive phone calls from different countries with requests for information; we are permanently involved in organization of one or another visit— the process has speeded up in times”.

According to Mr. Baryshnikov, so far we are loosing to foreign analogues of Russian free economic zones from the view point of providing them with infrastructure sites, tax and customs regimes. However, this is a temporary phenomenon. “The reformation of legislation on free economic zones is already on its way, and it will result in considerable growth of their attractiveness. It will become an additional factor, due to which in some time the residents will queue to enter SEPZ. Moreover, one should understand that there are not many places in the free economic zone. Physically we shall be able to locate 10–15 residents in the first launching complex,” he specifies.

Proven efficiency

It is planned that SEPZ will reach full production capacity approximately in 5 years after its opening. Private investments of residents of the first launching complex will amount to 6.76 bln rubles. State funds: 762 mln rubles—from the federal budget; 375 mln rubles—from the regional budget. According to calculations of Ulyanovsk Region Development Corporation at reaching its full capacity SEPA will provide payments to the federal budget, amounting to 154.8 mln rubles; 169.5 mln rubles—to the Ulyanovsk Region budget; 10.8 mln rubles—to Cherdaklinsky district budget. Besides, 1830 working places will be created in the zone.

According to the opinion of Dmitry Baranov, leading expert of Finam Management, SEPZ will assist in the development of economy of the Ulyanovsk Region and the whole country. “Establishment of special economic zones is one of the most effective means of the economy development in the whole world,” believes he. “It is much better than to saturate economy with budgetary money.”
GREEN FIELD FOR NEW CROPS

The guests pointed out the Greenfield themselves

During crisis the competition among constituent entities of the Russian Federation on creation of attractive investment climate has notably increased; regions have become more intense in attraction of investors. Today, along with traditional means of investment rating increase, regions use new forms to create comfortable conditions for investments' attraction. One of them is forming of investment sites, industrial zones and industrial parks. Their creation is called up to minimize time and financial costs of investors during projects' implementation due to building-up of the required engineering, business and social infrastructure. According to the experience of the Ulyanovsk region, the success of the above depends in many respects on regulation of land-and-legal matter and possibility of building-up of a full-fledged infrastructure for construction of industrial enterprises.

Already in 2007 the Government of the region realized that in order to attract big investors it is necessary to establish industrial zones. It should be said that by that time the regional authorities had already undertaken some measures to improve the investment climate in the region. In March, 2005, according to the Law “On Development of Investment Activities on the Territory of the Ulyanovsk Region”, investment projects were provided with tax remissions, rent rates were reduced, information, organizational and legal support was guaranteed. Later bid security for attraction of investments and subsidization of the costs, related to utility network connection, were added. But it turned out not to be enough if we remember that in the nineties the region was considered to be closed for new investments, and in the beginning of 2000 SABMiller Company has chosen the green field in the optimal nearness to thruways and the housing estate of Zavodsky district, thus becoming the first resident of Zavolzhye industrial zone.
years the precious time to improve the investment image was lost. Meanwhile the experience, gained by that time in foreign countries and some regions of Russia (specifically, St.Petersburg, Moscow and Kaluga region), demonstrated that if in a short time it was impossible to create a maximum comfortable business climate on the whole territory, it could be done in separate industrial zones, apt to become real oases of industrial development.

“We have come to conclusion about the need to create industrial parks, first of all, due to communication with the potential investors themselves,” says Sergey Vasin, Executive Director of open OJSC Ulyanovsk Region Development Corporation. “Potential residents were interested in land plots of industrial purpose with clear legal status and with utilities supply to the boarders. It is evident that nobody will come to the open field, belonging to somebody unknown, and start to organize production there. In this respect no tax remissions can cover investment risks”.

As a result, in September, 2007 region al purpose-oriented program “Forming and Development of Industrial Zones in the Ulyanovsk Region in 2008–2010” was adopted with the aim to attract investments via development of industrial zones and to create on their basis a qualitative proposal to investors to use the sites for industrial building. All concerns, related to preparation of sites and provision them with utilities, were taken by the regional Government.

It must be that the program of industrial zones development actually started from preparation for a specific investor. “SABMiller, transnational brewing company, the biggest investor at that time, was offered a number of sites,” tells Sergey Vasin. “First, the existing industrial zone territory of aircraft factory of closed JSC “Aviastar-SP” was offered, however, the investor was troubled by the risks, connected with the land legal status. But at the same time the company’s management liked the land plot, located in Zavolzhsky district of the city of Ulyanovsk, which eventually turned out to be an optimal choice.”

The territory of 500 ha of Zavolzhye industrial zone is located at the boundary of the city of Ulyanovsk and Cherdakinskiiy district, it has a direct way out (by-passing the city) to the federal and regional highways. The distance from the industrial zone to the cargo river port, capable of handling “river-sea” vessels, is 12 km. And it is 7 km from the international airport “Ulyanovsk-Vostochny”. The proximity of a housing estate with 215 thousands inhabitants ensures the availability of employees (also, the area for perspective residential construction with the total space of 1mln. square meters has been allocated). And it was decided to create here the first industrial zone in the region—Zavolzhye. Almost at the same time American company MARS

**COMPETITIVE ADVANTAGES**

- Comprehensive administrative support in project implementation
- Preferential taxation of investment activities
- High innovation potential
- Skilled manpower resources
- Advantageous geographical location
- Proximity to international airport with cargo terminal
- Proximity to cargo river port
- Developed road network
- Developed utilities infrastructure
- Proximity to residential area with 215,000 population and projected 1 million sq. m housing area
- 100,000 sq.m Class B warehousing and logistics facilities and projected 50,000 sq. m Class A warehousing and logistics facilities
- High profile residents SABMiller Brewing Company and MARS

Zavolzhye industrial zone. Here is enough place for 6–8 residents more
took a decision to construct two factories in Zavolzhye industrial zone. At that time several regions struggled for the coming of SABMiller and MARS, but as a result the best conditions were offered in the Ulyanovsk region. It turned out to be fundamentally important for the region to obtain the coming of such investors; now the presence of brand residents in Zavolzhye is considered to be one of the main competitive advantages of the zone. Projects of these companies have acquired the status of priority ones, and therefore the right to reduce the property tax rate up to 0%, and the profit tax—up to 15.5%, also maximum administration monitoring and an individual adviser from among ministers of the regional Government. According to the investment agreements, signed with the companies, the region is obliged to tie-in all necessary utilities to the site, specifically—gas pipeline, water pipe-line, automobile road and railway, electric line. In 2009 water pipeline was constructed, outside lighting system was installed, at present automobile roads are being constructed. The total volume of budget investments for Zavolzhye industrial zone infrastructure amounts to 734.8 mln rubles, out of which 279.56 mln rubles were managed to be drawn from the Investment Fund of the RF. Investments are working their best, says Sergey Vasin: “The first results of Zavolzhye industrial zone activity showed that the efficiency of the zone is very high. During 2009 128 mln rubles of tax payments to the regional budget were paid by the residents of the production site. But the main thing is that the infrastructure, developed around Zavolzhye industrial zone, allows us to place there five or seven more large enterprises without additional costs. The experience of cooperation with SABMiller turned out to be a unique one in terms of efficiency of budgetary funds expenditure, according to calculations, our costs per the whole industrial zone will return to the regional public purse already in a year, if only one brewery will start to work with the maximum output”.

In 2009 two large manufacturing ventures—SABMiller (a brewery) and MARS (wet pet food factory)—were constructed within the framework of implementation of the project “Creation of the First Stage of Zavolzhye Industrial Zone”. In the second half of 2009 the start—up of first lines took place at these factories, and according to the annual results, 400 new working places with the rate of remuneration higher than the average index in the region, were created.

For the nearest year Zavolzhye plans to attract five more residents, as minimum. The land plot has been allocated for construction of a plant on production of air- and car-parts for Ulyanovsk HALTEK ltd. At present Development Corporation is negotiating on locating here a machine-building enterprise and pharmaceuticals factory. In June-July it is planned to sign the investment agreement with the international company—one of the leaders in the sphere of car-parts production. One more project is at the stage of high readiness—the idea to organize in Zavolzhye an industrial zone for production of construction materials with application of nanotechnologies. The investor is a company from Ulyanovsk together with a foreign partner. Now the project undergoes a competitive tender at the State Committee of ROSNANO and claims for co-financing from a state corporation. However, according to information from Dmitry Ryabov, CEO of Ulyanovsk Region Development Corporation, investors have an intention to implement their project irrespective of tender results, out of credit proceeds.

The Department of Modernization and Regional Economy Development of the Ulyanovsk Regional Government believes that another industrial zone, Novoulyanovsk, which is being created, is as good as Zavolzhye with regard to advantageousness of geographical position. Its formation is defined as a second stage of implementation of regional purpose-oriented program “Forming and Development of Industrial Zones in Ulyanovsk Region in 2008—2010’. The area of 300 ha is located on the territory of the city of Novoulyanovsk (10 km from the regional centre). “The promising aspect of the area is availability of railway and motor roads access, optimal level of costs for utility network build-up, qualified labor force (the population of Novoulyanovsk is 17 thou people),” lists the pluses Matvey Volodarskiy, the Head of Novoulyanovsk. “The present difficulty, hindering the coming of investors, is the unresolved problem of the land legal status”. Mr.Volodarsky believes that the way out in this situation is redemption of land and its transfer into regional ownership. Vladimir Shustov, Director of JS Tekhnokrom (affiliated company of TekhnNIKOL Corporation—manufacturer of insulation systems for buildings and facilities): “The work of the industrial zone creation should begin with resolving of the matter on the legal status of the territory. The position of Development Corporation’s Management is distinct—investment of own funds is possible only where everything is clean with land”. ‘TechnoNIKOL has plans for construction of two factories on production of flexible tiles and fibered glass. One of them will be in Novoulyanovsk industrial zone. Ulyanovsk Region Development Corporation is interested in such an investor because, in addition, he corresponds to the specific character of the zone—industry of construction materials. However, some activity is expected from the resident himself. “The budgetary funds are being spent on the development of the industrial zone that is why we must be sure in the effectiveness of their application and return in a form of taxes,” Dmitry Ryabov says. “The signal to action will be the desire of at least one investor to implement his project on the territory of the industrial zone. After signing
the investment agreement the work will be carried out in a parallel way. However, the regional Government has an intention to start the development of the industrial zone already in the next year, without looking back at a resident’s behavior. According to Mr Ryabov, all specifications on connection to utilities have already been received; as for the current year, consolidation of plots will begin, and in the next year, in the presence of financing, Corporation will start the utilities design.

Meanwhile investors, understanding the profitability of coming to the site with the ready engineering infrastructure, think that attraction of budgetary funds for utilities connection quite often has a risk of delay in the project implementation. And occasionally, still choosing the same zone, they act independently. Thus confectionary Globus, located in Novoulyanovsk, while expanding production did to the conclusion about the need of logistic centre construction (its products are realized in many regions of Russia, also exported to CIS countries). Globus Confectionary project could have become the first one in Novoulyanovsk industrial zone, but it will not happen due to the lack of coordination of action plan time periods between the investor and the state. “We plan to begin the construction of the modern logistic centre the next year,” says Natalya Semenova, Head of the Marketing Department of Globus Confectionary. “We had to buy out the area near the factory and lay a railway spur by ourselves.”

“The company is pressed for time that is why they made a decision to develop independently, outside Novoulyanovsk industrial zone,” Dmitry Ryabov explains. “May be in future we shall render support to Globus in creation of the necessary infrastructure, but again—within the framework of the industrial zones development program implementation.”

It looks as if there are no problems with the land legal status in one more industrial zone—Novospasskoye, being created in the region (the valley of Syzranka river, north part of Ulyanovsk region, area with opened oil-fields). However, what makes it akin to Novoulyanovsk industrial zone is waiting for the first resident, with whose coming the work on development of infrastructure might begin. The advantage of Novospasskoye is a very beneficial geographical position and good logistics. Plus to it there are conditions for connection of all required utilities. The plot of 414 ha at the boundary of Novospasskoye is located between the federal highway and the railway. According to the representatives of the rayon administration, the major part of the territory of the industrial zone belongs to the region (150 ha more belong to one of the rayon farms); water pipe-line, gas pipe-line and treatment facilities will be constructed in the nearest time at the expense of the budget. Remote-ness of the industrial zone from the regional centre required the creation of own management for development, organized in a form of a municipal institution, but actually becoming a branch office of Ulyanovsk Region Development Corporation. The first thing, achieved by the local authorities, was that they solved the problem of time delay, while getting the permits and documents of title on the projects by uniting registration service and cadastral chamber into one information centre. As a result, as points out Azat Kizyakhmetov, Department Head of TEC (technical-economic calculation) and HUB (housing and utilities board) of rayon administration, the former time period of 180 days for getting a construction permit has become half as much.

The experience of the Ulyanovsk region shows that creation of ready industrial zones (in other regions they are called investment zones, industrial parks) is an important factor for the investment attractiveness of the region. But, according to the experience, coming of a new resident is very important for the development of the industrial zone. First, it allows the authorities to use the recourses of the resident on mutually beneficial conditions in order to prepare the site according to his interests; second, the experience of the first resident inspires next potential investors. Status of industrial zone land is also of a defining value. According to Dmitry Ryabov, CEO of Ulyanovsk Region Development Corporation, “Corporation has a direct dialogue with investors on a permanent basis, and all problems are being resolved as far as they arise”. “It is more complicated to convince the first resident in investments’ reliability, but then the rest of investors, looking at the positive experience of a pioneer, are already move brave,” summed up CEO.

It is planned that implementation of projects within three zones (Zavolzhye, Novoulyanovsk and Novospasskoye) in 2010–2012 will allow to attract not less than 3 bln rubles of investments to the region, about 700 new working places will be created, the budget of Ulyanovsk region will get about 1 bln rubles of additional tax payments.
In 1956, when in the Ulyanovsk Region, upon the initiative of academician Kurchatov, the State Scientific Center—Research Institute of Atomic Reactors (RIAR) was established, nobody could even assume that half a century later this unit would play an important role not only in the history of the region itself, but in the whole country. The presence in the Ulyanovsk Region of a unique scientific institution became a starting point for the development of a Nuclear-Innovation cluster. Medical revolutionary treatment of two main troubles of the mankind, oncological and cardiovascular diseases, with the help of radioactive oleates are no longer a fantasy. And today school graduates quite seriously consider the problem of choosing a prospective profession of a doctor-physicist.
Scientific-Research Institute of Atomic Reactors has become a core of the establishing Nuclear-Innovative Cluster Center: new technologies require new technologies and Medicine.

Two locomotives

The project of construction in Dimitrovgrad of the Federal high-tech center of nuclear medicine FMBA got a support at the highest level. The basis of the future center—production of molybdenum-99 on NIAR base and other radioisotopes—got into the “project portfolio” of the Commission on Technological Development and Modernization of Economy, which is controlled by Dmitry Medvedev, President of the RF. “We synchronize all types of activities, so that in three years all elements of the Ulyanovsk Region Nuclear Cluster could become an integration, and practically the cluster will be formed and start to work, may be already in 2013,” explained Vladimir Kozin, First Deputy of the Chairman of the Ulyanovsk Region Government.

Specific plans, related to the construction in Dimitrovgrad of a Nuclear center, were made public in the middle of March at the session of the Presidium of the Government of the RF Tatyana Golikova, Minister of Healthcare and Social Development of the RF, informed the Presidium that Dimitrovgrad cluster is a Center of Applied Nuclear Medicine. Its basis is the production of radionuclide molybdenum-99, popular at the world market of radio-pharmaceuticals, which can satisfy the needs of not only the Nuclear Medicine Center, but other similar medical institutions to be created. A new method, which is going to be used in creation of a radionuclide, will allow to decrease the cost of its production in comparison with already existing methods.

The list of RIAR produced isotopes will be extended. Radio-pharmaceuticals with a wide range of application are being produced on their basis. This is tele-irradiation of patients, suffering of malignant tumors, with photon beams and with electrons on therapeutic electron accelerators, intra- and interstitial photon irradiation, radionuclide diagnostics of oncological diseases, therapy of patients with toxic goiter and thyroid carcinoma, intravascular irradiation of patients with damages of cardiovascular system.

Today RIAR supplies the market with more than 50 types of radionuclide products, part of which does not have analogues in the world. All oncological centers of Russia and CIS are equipped with units using gamma radiation sources on the basis of cobalt-60, which is produced only in Dimitrovgrad Scientific Research Institute of Atomic Reactors.

“Salvage” reactor

One more project, which will be implemented in RIAR, is development of production of fuel elements and fuel assemblies with mixed oxide fuel. They will be used for all Russian reactor units of a closed cycle with fast neutrons, particularly for the new BN-800 reactor, being constructed at Beloyarsk A-plant.

Scientists from RIAR point out that this is an innovative project: a new method of fuel elements manufacturing by vibrocompaction, as part of a closed fuel cycle of...
reactors with fast neutrons, will be introduced into industrial production. The expected annual output of fuel assemblies is 450 pieces.

Eventually long-term plans, also related to the development of RIAR itself within the framework of the Nuclear Cluster, include construction of a number of new facilities. The first one is a multi-purpose research reactor with fast neutrons (MBIR). It is related to the reactors of the forth generation (lead-bismuthic and lead-demonstration complex PRK, meant for justification of pyrochemical technologies, which will allow to carry out research in the field of reactor physics, reactor material science, testing of new materials and active zones elements, safety means, control and diagnostics of nuclear energy units. Plus to it, MBIR will be involved into radionuclide breeding and production of heat and electric power.

The second facility is the experimental-demonstration complex PRK, meant for justification of pyrochemical technologies of the closed fuel cycle. And finally it is planned to construct in RIAR fast reactors of a new generation (lead-bismuthic and fast reactor with a lead coolant). The range of their possible application is quite a wide one. Creation of regional sources of electric power of different purpose and capacity is within this range.

According to Mr. Kozin, RIAR, with one of the largest in Europe complexes of material science research, has all opportunities to implement these projects, "it is this very rare case, when wishes meet opportunities, and a unique result is promised as an output". Sergey Sorokin, Head of Directorate of Dimitrovgrad Innovation and Investment Development, thinks that “by 2017 the Institute might become a base experimental center within atomic branch”.

**“Addressed” treatment**

Center of Medical Radiology in Dimitrovgrad will serve patients on a national scale. The total cost of the project is 13.9 bln rubles. The first contribution has already been made: last year 500 mln rubles were spent on the development of design-estimate documentation and all necessary expert examinations. This year it is planned to start the construction-assembly work, and in 2012 to erect the Center itself.

It will admit patients with malignant tumors and cardiovascular system diseases. Besides, it is assumed that tumorous pathology treatment will be performed both individually and as one of the stages of a complex therapy.

The Center, as many other Nuclear Cluster components, will be a unique one. For the first time in Russia two medical departments will be located at once on the area of about 100 thou square meters. The first one is the department of proton beam therapy; allowing an “addressed” affect exactly on the irradiated tissue, almost not touching healthy organs. According to specialists, for one third of oncological patients proton beam therapy is the most effective method of treatment. And it is impossible to treat a number of tumors in other ways, for example, eye melanoma, axis neoplasms, neoplasms of peripheral nervous system, etc.

The second one is the department of radionuclide therapy, which specializes in treatment of oncolgical diseases with application of radio-pharmaceuticals and implantable radioactive micro-sources (brachytherapy). The last method is actively used for the treatment of prostate cancer, which today is the most progressing one according to the absolute increment rate. Up to 15 thou of new cases of this disease are annually diagnosed in Russia. 31% out of them are cured with the help of brachytherapy.

**Reference**

Projects of the Ulyanovsk Region Nuclear-Innovation Cluster

**CONSTRUCTION OF A MULTI-PURPOSE RESEARCH REACTOR WITH FAST NEUTRONS (MBIR)**

- Investment volume—16.432 bln rubles
- Working places—300
- Implementation period—up to 2020

**PRODUCTION OF FUEL ELEMENTS AND FUEL ASSEMBLIES FOR REACTORS WITH FAST NEUTRONS (MOKS-PROJECT)**

- Investment volume—5.63 bln rubles
- Working places—450
- Implementation period—2012

**PRODUCTION OF MOLYBDENUM-99**

- Investment volume—398 mln rubles
- Working places—50
- Implementation period—2010

**FEDERAL HIGH-TECH NUCLEAR MEDICINE CENTER OF RUSSIA**

- Investment volume—13.9 bln rubles
- Working places—2, 225 (including physicians—474; middle medical personnel—759; junior medical personnel—487; non-medical personnel—505)

**Radionuclides, produced by RIAR**

- iodine-125—analogues in Russia and abroad
- iodine-131, phosphorus-33, tin-113m, ruthenium-106
- cesium-131—the analogous production is in Germany

**Sources:**

- gamma-emission on the basis of cobalt-60
- manual introduction—no analogues
- gamma-emission on the basis of cobalt-60 for the units of a “gamma-knife” type and teletherapy units—no analogues
- gamma-emission on the basis of selenium—no analogues
- gamma-emission on the basis of iridium—no analogues in Russia and abroad
- neutron-emission on the basis of californium—252—analogues are only in Oak Ridge
- neutron-emission on the basis of curium—249—analogues in Oak Ridge and Belgium
- alpha-emission on the basis of curium-244, americium-241—analogues in the RF and abroad

29
Besides, this method is used in the therapy of diseases with the worst survivability forecasts (from three to nine months)—liver cancer and pancreas cancer. Treatment with the help of nano-structured micro-spheres and nanostructures, containing ittrium-90 and phosphorous-32 radionuclides, should improve the forecast for oncological patients and prolong their lives. The third one is the department of positron emission tomography (PET—center) for diagnostics of oncological, cardiovascular and neurological diseases. Intravenous injection of radioactive pharmaceutical, which is accumulated both in healthy tissues and diseased organs, but in different amounts, allows with the help of a tomograph to get an image with anatomical landmarks. It was determined that with the beginning of the wide use of PET-diagnostics in oncology the survivability forecast was increased in two times.

Lately the forth department of the Center is a laboratory on production of radio-pharmaceuticals (so far, dosage bands out of radioisotopes, produced by NIIAR, are manufactured in special institutions of Moscow and Obninsk). On the basis of the Center laboratory scientific research work on synthesis of new prospective medication will be carried out as well.

To save 50 thou people

Today only one department of radionuclide therapy (RTN) is effectively functioning in Russia—in the Medical Radiological Scientific Center RAMN in Obninsk. The need in such type of a therapy is satisfied in less than 3%. Annually about 50 thou of Russians require radionuclide therapy.

There are only 32 the so-called “active wards”, where patients are being doctored with the help of RTN. For comparison, the average provision coefficient in European countries is one “active ward” for 3-40 thou people. In Russia this coefficient is 15 times less than required. Thus, according to analysts, putting into operation the Dimitrovgrad Center will allow to make the real breakthrough in cancer therapy. Oncological mortality should be decreased by 5–30%, and oncological neglect—by 15–20%, the amount of recurrences should be 5–8 times less. Medicos hope that they will manage to cure the locally spread prostate cancer in 95–99% of cases and improve the quality of cardiovascular diagnostics by 30–40%.

The importance of the project is supported by the fact that the State Program of Creation of Federal Centers of Medical Radiological Technologies in 2008–2012 stipulates launching of two more centers, similar to the Dimitrovgrad one, in Obninsk (the Kaluga Region) and Seversk (the Tomsk Region).

Construction investors will face a boom

At last, the third component of the nuclear cluster will be the Training Center for Nuclear Technologies and Medicine.

The preliminary work has already been carried out: last year on RIAR basis in cooperation with Moscow Physical Engineering Institute, the Ulyanovsk State University and Samara State University two centers of research and education were created—Radiochemistry and Crystal Chemistry Center and Center of Methods and Means of Research of Properties of Materials and Elements of Nuclear Reactors’ Active Zones in the Process of Irradiation, with finance of the Federal target-oriented program “Research and Scientific-Pedagogical Manpower of Innovative Russia in 2009–2013”. Besides, the Ulyanovsk State University will be involved into pre-university and after-university training of specialists on the following: Oncology, Therapy, Radiochemistry, Medical Physics, Radio-Diagnostics, Chemotherapy.

More than two thousand of qualified specialists will arrive to Dimitrovgrad by the beginning of the Center’s work. “The main thing is not just to attract professionals to our city, but to make them stay for a long time,” underlined Sergey Sorokin. “Our task is to create comfortable conditions for these specialists and the people who will be coming for treatment. It will be the construction of a campus, a modern hotel, public facilities, traffic lanes, social-cultural units... For that end regional and municipal target-oriented programs were worked out to develop the engineering infrastructure of Zapadny District of the city of Dimitrovgrad till 2012 with the total finance volume of about 2 bln rubles”.

Dimitrovgrad should be transformed: 200 individual cottages for top-ranking officials will be constructed here, also 200 apartments in multi-storey blocks for middle and junior staff, manage garage, kindergartens and nursery schools, shops, cafes, a hotel... Such a large-scale construction order will give a powerful impulse not only for production development, but for entire industrial branches on the territory of the region.
A word ‘nanotechnology’ has recently become almost a synonym to such words as ‘perspective’ or ‘successful’. A geographically and financially global program developed by the Rosnano State Corporation enables Russian regions to contribute to their future, i.e. to become innovation revolutionary ‘pioneers’. Therefore, a prefix ‘nano’ is now a pass to proceed to a new development level. Nanoprojects provide business opportunities to improve production facilities and to enter new markets. For regions it means to create an innovation economy, if complying with the times.
Prospective work

Policies in nanotechnology have been specified by a special program of cooperation between the Russian State Corporation of Nanotechnology and the Ulyanovsk region for the period of 2010 through 2014. Ulyanovsk authorities expect to get over 38.5 bln rubles of investments through implementing all planned events. The similar document was first approved by authorities of the Perm Region. The program is now effective only in two Russian regions. However, in Ulyanovsk they took it with more details and specified their plans for a longer time frame.

As Dmitry Ryabov, CEO of Ulyanovsk Region Development Corporation (Ul.R.D.C.), explains, there are no difficulties for the development of nanotechnologies in the Ulyanovsk Region. “On the contrary, ideal conditions have been provided, for example, in Zavolzhye industrial zone supplied with all necessary utilities,” Mr. Ryabov says. “We are interested not only in developing “our own” projects, but also in involving foreign investors to the region. Two strategic nanotechnology projects have been already implemented in the Ulyanovsk region. These are aviation and nuclear clusters. Some projects will be also developed in Scientific Research Institute of Atom Reactors JSC (NIJAR) jointly with Rosatom and Rosnano. Besides, nanotechnologies are to be used in production of composite aircraft wings (a production unit will be launched in Ulyanovsk in the nearest time).”

According to program plans, a regional component of the national nanotechnology network will be composed in the Ulyanovsk region by 2015 that would enable to improve quality of nanoproducts. Following are three steps, which the region is to go through. First is the build-up of a competitive regional sector of researches and developments in nanobusiness and the establishment of an efficient commercialization system for intellectual property (2010–2011). The second step (up to 2015) is intended to create capabilities for large-scale increase in nanoproducts’ outputs and to get specialized Ulyanovsk companies entered to a high tech world market. Finally, long-term plans for the nearest 15 years would identify the creation of a completely new technological basis for the Ulyanovsk region’s economy. Totally over 20 nanotechnologies are to be assimilated and put into production by 2015 (including display-screen micro-coatings, which would provide a clear and steady electronic display reflection on aircraft equipment; weather resistant paint-and-lacquer coatings for UAZ-vehicles; a current source with a running time of over 50 years etc.). Over 40 businesses are committed to get involved to the regional nanotechnology network.

As program’s developers consider, the most prospective focus areas for the development of regional nanotechnologies are nanobiotechnology, semiconductor nano- and optoelectronics, construction and composition nanomaterials, as well as application of natural nanostructured materials.

Walking upstairs

As Dmitry Ryabov explained, a new system (a so-called “project conveyor”) is being established in the region, which focuses on seeking nanotechnological projects as much as possible and on project support from the idea development stage up to its commercialization. A nano-project is to be ideally transferred to a really operating business.

According to Dmitry Ryabov, project management procedures are too complicated and long-term in Rosnano. It would take averagely a year starting from first communications with the Corporation and ending with proper funds received. Project applications are to be selected by the following system: review for compliance; Experts’ Commission (secret audit), Scientific and Technical Council (STC), Investment Committee and Advisory Council. “It would be impossible to run up the stairs without knowing all barriers and technologies,” Mr. Ryabov noted. “Therefore, we are committed to make a system which would help applicants to submit their applications to Rosnano more confidently,” he said.

The following are integral parts of the system: a new Governor’s Advisor employed by Rosnano who would provide efficient communications between Ulyanovsk enterprises and the State Corporation; a project office established at Ulyanovsk Technopark facilities,
which managers should review a “nanoapplication” form, and if any prospects available, make a feasibility study (all expenses are to be backed up from the regional budget); the Department of Modernization and Development of the regional economy established in the regional government (its key task is to monitor nanoprojects). Any application from Ulyanovsk submitted to Rosnano is to be recorded in the regional support system for investment projects. Any issues arisen herewith are to be solved on each level of the system.

A co-investor would be further required (Rosnano provides maximum 49 per cent from the total funds). Thus, Technopark and Ulyanovsk Region Development Corporation should get involved in this case. “We would like each Ulyanovsk enterprise to know what kind of support is provided by a state-owned corporation, and we are committed to use all our capabilities, including regional lobbying resources, to assist to implement a nanoproject,” Mr. Ryabov emphasized. “This is really a good opportunity for existing businesses to upgrade their productions and to produce innovative products. Our support is free and we are ready to meet applicants any time they need and next to proceed to project support.”

From vehicles to aircrafts

Some projects (i.e. nanoprojects) have been already developed in the region. The first-priority projects include applications in which a supposed co-investor has been already identified and a production site has been selected. There are only five such projects with their total funds of 3.2 bln rubles. The most prominent project is that one developed by the Ulyanovsk Instrument Manufacturing Design Bureau, which is now on the stage of being financed. An application of the Simbirsk Steel Making Company is to be submitted to the Scientific and Technical Council (STC) in the nearest future. Two more projects are pending for submission to STC.

Seven projects are considered as the second-priority: a co-investor has not been identified yet, but the technology has been developed. Their total budget is 3.15 bln rubles.

Finally, third-priority projects (there are 13 projects with a total budget of about 905 mln rubles) should require additional investments to develop the technology for industrial production of their products.

Total finances planned under the program are 27.73 bln rubles, including 24.54 bln rubles allocated in the regional budget. However, this does not mean that all federal funds will be allocated to Rosnano. As explained by Sergey Vasin, Executive Director of ULRD.C., “a focus area for cooperation with Rosnano has been identified in the paper and finances for many projects have been already provided by some other special programs.” The Ulyanovsk authorities plan to drive the first three projects to the stage of finance by Rosnano. Over two bln rubles have been totally allocated for these projects.

Each project means at least the serious upgrading of an enterprise or even the build-up of a new plant. New technologies attract new investors. If the application is approved by the Scientific and Technical Council, this would be a good sign to invest. Some foreign investors have also shown their interest in the region. For example, German nanotechnologies are used in the Vilko-Volga project, which is pending now at STC (production of building-module units). According to Abercade analysts, international companies and foundations actively invest in this type of activities. However, Ulyanovsk businesses can also become good partners for innovation companies. These are automobile and aircraft industries, which are to be key customers for nanotechnologies. As Mr. Ryabov said, some foreign investors have already expressed their interest in composite wings to be produced using nanotechnology. The Ulyanovsk automobile plant has developed its own project, which would be sub-
mitted soon to Rosnano. It aims at establishing the paint production for weather-resistant vehicle bodies.

**Second go**

There are also some other components in the regional program of cooperation with Rosnano. First priority is education: if the project receives finances, Rosnano is committed to allocate funds to educate personnel.

Second component is a demand inventive program for nanoproducts consumed by regional entities. The program is to be developed this year. The Ulyanovsk region has participated in the first competition for establishing a nanocenter—an infrastructure unit, which will embrace equipment used in research and production of nanoproducts. However, the region was not on the list of its prizewinners (an awarding event was held on March 26, 2010). “We were first on investment expertise (among 17 applications submitted) and this fact was specially noted,” Sergey Vasil explained. “Unfortunately, the Ulyanovsk region had ranked 11th on its technical expertise whereby we were not included into the list of winners.” As Mr. Vasin said, the region keeps intending to establish a nanotechnological center and is going to participate in the next competition to be held in August 2010, whereof the Governor Sergey Morozov has announced to Rosnano.

**EXPERT Ivan Filyutich, Senior Analyst, Abercade (Moscow)**

The best proposed projects have good commercial capabilities and comply with worldwide tendencies in the development of nanotechnologies.

A prospective structure of the world market for nanoproducts enables to emphasize the following significant market sectors for nanoproducts valid by 2012:

- precise drug delivery (world market volume will be about $12.5 bln);
- special coatings ($8.4 bln);
- energy storage systems ($7.7 bln);
- display technologies ($2.1 bln);
- nanocatalysts ($1.5 bln);
- composite materials ($1.3 bln).

Focus areas in cooperation between the State Corporation and businesses of the Ulyanovsk Region generally comply with advanced high tech industries having good market opportunities, like energy efficiency, laser technologies, microelectronics and medicine.

Thus, the Diatomite-Invest Production and Investment Company Ltd. proposed an industrial project for heat-sealing products to be made of nano-structured silica foamceramics based on power- and material saving nanotechnology used in diatomite processing. The project should be considered as very attractive in its purpose to create the production of high tech low-energy special materials in Russia. Voids in foamceramic products make possible to produce a wide variety of isolation materials to be used for industrial purposes in furnaces, steam boilers, heat supply networks and processing plants of chemical industry. These products would enable not only to meet demands of Russian industrial enterprises in special heat-sealing materials, but also would assist to increase export capabilities of the region.

A special attention should be paid thereby to China. In accordance with Abercade evaluations, a market for heat-sealing materials of this country would achieve $5 bln in 2010, and the marker growth for the period of 5 years would be about 215%. One of key priorities of the power supply system in China is the reduction of heat losses both in residential or commercial buildings and at industrial plants.

A new laser complex project using nanotechnology for products’ marking based on a femtosecond radiator has good market opportunities. The project is proposed by the State Scientific Center – Scientific Research Institute of Atom Reactors JSC. The world market for solid laser systems would be about $2 bln in 2010. A share of Russia in the worldwide production of such products is miserable now.

The best commercial opportunities of the solid lasers’ market are concentrated in the sector of industrial products (about 75% of the market) and in medicine (about 20%). It should be noted that the world market structure for solid lasers is very divergent in different regions worldwide. A market share of European countries, including Russia, is about 32%, North America—24%, Asia—about 25%, and Japan—about 20%.

Therefore, there are good reasons for cooperation between domestic developing companies and some worldwide leading companies producing industrial solid laser systems, such as Trumpf, Rofin-Sinar, GSI Group, Spectra Physics, Coherent Inc., JDS Uniphase, in the context of their innovation and commercial opportunities.

The project developed by the Ulyanovsk Instrument Manufacturing Design Bureau, which aims at industrial production of display panels with optic nanocoatings used for display medium operating under special conditions, is also of a great market value.

The world market of specialized displays is characterized with its high attractiveness. Displays with special optical coatings intended for aviation equipment have wide growth opportunities in proper market sectors. Therewith, the most prospective capacities for innovation products proposed by the Ulyanovsk Instrument Manufacturing Design Bureau are both the military-purpose aviation equipment, in which Russian producing companies traditionally have very strong market positions, and the market of commercial aviation.

The most attractive regions in the worldwide market structure of displays intended for aviation equipment are the U.S. (about 37% of the world market), Europe (about 28%), and also Asia and Pacific Region (about 24%).

Therefore, a critical commercial success of the project aimed at manufacturing displays with special optical coatings will be ensured by the cooperation between leading aviation companies both in Russia and abroad. A special attention should be paid thereby to partnership with such worldwide companies as Lockheed Martin, Boeing, Airbus, Northrop Grumman, Goodrich, Smith Aerospace, UPS Aviation Technologies, ARNAV, Avidyne, Aeroflex, Harris Corporation, BAE Systems, Mantech, Rockwell Collins and Teradyne.
Alexander Pinkov, Mayor of the city of Ulyanovsk: “THE CITY SHOULD BECOME A COMFORTABLE ENVIRONMENT FOR BUSINESS”

On March 14, 2010 Ulyanovsk inhabitants elected Alexander Pinkov, the First Vice-Premier of the regional Government, their mayor. The new mayor promised that in a few years Ulyanovsk will become one of the most successful regional centers in the Volga Federal District (PFO); and he is going to reach it via the development of small and medium businesses, cooperation with the regional authorities and attraction of new investments to the regional center. The priorities of the regional center activities are given in the interview of Alexander Pinkov to “Open Region”.

—Alexander Petrovich, taking up a post of a mayor of Ulyanovsk in March of this year, you have declared that you intend to increase the municipal budget income in two times. Due to what components? What is the ground of your assurance?

—It is clear that first of all we shall work on purity and transparency of business, so that there are no “grey” schemes of remuneration. But nevertheless, it is important to create the effective micro-entrepreneurship support structure to assist small businesses’ development in the spheres, required by the region. And it is not at all by chance that, apart from technopark and business incubator, which have already been created at the regional level, we also establish the Center of Small Business and Entrepreneurship Development, aimed to consolidate the activities of businessmen into one system. The same Center will be working with the created on the city territory investment sites, industrial zones, where small business will be very popular among anchor investors for implementing the whole complex of services. Big investors, coming to Ulyanovsk, will provide the city with new revenue in a form of taxes and rent fee, improve the situation at labor market and, in general, will give an impulse to the regional center.

—Already at the stage of the pre-election campaign you also declared that Ulyanovsk should become a comfortable environment...
for citizens and businesses. Why do you make the corner-stone out of this very task?

—Because there are not many existing benefits and preferences for investors, which are available in the majority of regions. The city should be attractive for investors and their representatives not only economically, but, I would say, also socially and psychologically. The city should be clean, the roads—smooth, hotels—at the modern level of service, recreation infrastructure—developed and adequate. Yesterday all this seemed not to be principal, today these are very important factors. And the new City Administration team has started to work in this direction from the very first day, because as to the living comfort, Ulyanovsk is very retarded in comparison with West European cities. Many people point out that the center of Ulyanovsk is clean and attractive, compared with many other regional centers. But it is not enough. The whole city, outskirts inclusive, should be clean and attractive. Cleanness should become a way of life both for Ulyanovsk citizens and for the power. It should become a system. We, by the way, are going to attract new investors with technologies on removal and utilization of solid domestic waste. We must create such conditions that it should be profitable to make the city clean and attractive. And everybody should understand that it is profitable to be beautiful, it is profitable to make the city comfortable for living. The strategy is to strive for high level, so that there are good conditions in kindergartens, a lot of well organized places for recreation and sports, so that the living conditions are adequate.

—Upon the initiative of the Ulyanovsk Region Government and Ulyanovsk Region Development Corporation, approved and supported by the City Administration, Hilton Garden Inn Hotel of the international level is being constructed in the center of the city. At the same time municipal Volga Hotel, as well as a three-star Venets Hotel, 100% shares of which are in the possession of the city, are poorly filled. Is there a danger that with the appearance of a new competitor the profitability of municipal hotels will be decreased?

—If we want to create a comfortable environment in Ulyanovsk, a hotel of such a level is vitally important. It is also important if we want that the guests of Ulyanovsk, tourists or business representatives, feel themselves well and comfortable. Second, the appearance of Hilton Hotel will become just only the additional drive for our hotels—let them be pulled up to a worthy level.

—What about economic and administrative conditions for business; might they also turn out to be a discomfort?

—Absolutely. If we talk about a comfortable environment for business, there is also an economic sense in it. First of all, there are time constraints for getting permits for construction. Everybody knows how they are used to be delayed. It should not happen, because, as a rule, there are no any objective reasons for that. Simply it should be done in such a way that the structure is working quickly and without ambages. For example, McDonald’s Company submitted an application for construction on April 22 of this year, and already on May 14 I signed the construction permit. Thus, when nec-

Reference

ALEXANDER PINKOV was born on September, 1952 in the village of V.Dubrava, Nicolo-Cheremshansky District, the Ulyanovsk Region. In 1971 he graduated from the Ulyanovsk College. 1971–1973—service in the Soviet army. In 1990 he graduated from the Ulyanovsk branch of the Kuibyshev Economic Institute. For more than 30 years he worked at Ulyanovsk Automobile Plant (UAZ), rising from controller to CEO of JS UAZ. In 2005 he was nominated for the post of Deputy Head of the Region Administration. From 2008 through 2010 he was the First Vice-Premier of the regional Government. On March 14 he was elected mayor of Ulyanovsk. He is a Ph.D. in economics.
necessary, officials can work quickly. The only thing required is strict control and responsibility. Now we review all time regulations, how much time is required to solve one or another problem, and each official should know that it is not allowed to exceed these limits. And if anybody does it, the reaction will be very tough. You know that the main part of a municipal officer’s salary is made up by the so-called single monetary remuneration, and it is unlikely that somebody would like to lose it. I am used to be strict in demand of strong discipline, abidance by norms and rules. May be this habit was formed due to the factory school—35 years I worked at UAZ, passed all steps right up to the CEO First Deputy. And I am deeply sure that the whole management system of economics, finance and quality, existing in business, should be transferred to power as well. When Alexey Mordashov came to UAZ, the first thing he did was 20% reduction of materials for the main production. And it was discovered that, if earlier it was considered that one kilogram of metal was required to produce one part, nobody doubted it; then, when the whole part production chain was analyzed, it turned out that really 800 gr. would be enough. This is exactly what is called optimization. I think that we shall be able to reduce the time of document preparation by not less than 30%. It does not require any special financial costs, just the quality of municipal officials’ work. We are improving the City Administration structure. Since June 1 City Property Committee and Land Resource Committee have been united. If earlier people were running with papers between committees, now it is one sub-division and one responsible manager. We shall look into district administrations, where there is a lot of deputies and 80–90 municipal officials with low work efficiency. We shall raise the status of a District Head, making it equal to a Deputy Mayor in order to provide more rights and more responsibilities. And the Head of the city should not be a senior street-cleaner, he must work on strategy, develop the City Administration structure in such a way that everything is done quickly, effectively, with minimum costs.

—Quite often foreign investors, used to “game rules” in Moscow and St. Petersburg, are afraid to go to province, referring to the high level of bureaucracy, circumlocution and corruption in the regions. Do you manage to struggle with this evil, and are you successful?

—During five years of my work in the Region Government I can not remember a single appeal of investors with regard to excessive circumlocution and bribery. Because we hold “administrative umbrella” above the head of every investor. I, personally, went to negotiate with one of the biggest world companies in the field of car components production. They
studied all production and living conditions, and, as I have understood, they were satisfied.

—Investors, as you know, are mostly attracted by the sites with a ready utility infrastructure, on which sometimes up to 30% of investments is being spent. Is the city intended to assist them in this respect?

—A bright example of a successful private-state partnership, I think, is the Simbirsck Ring Project—the construction of a housing estate ZAPAD-1 and a sport-park SIMBIRSKI. To some extent, City Administration also participates in this project by investing 840 mln rubles, although certainly the main part are the funds of the RF Investment Fund (almost 700 mln rubles) that is why the project won the Federal tender. In spite of the limited volume of budgetary finds, we are looking for options, so that investors are provided with ready infrastructure sites, first of all with sites with old housing, but ready utilities. Everybody is interested in that, both investors and the city, requiring renovation. We already work at it with the potential investors. Another big project of great interest is the project of private-state partnership, which is lead by Ul.R.D.C. in active cooperation with the City Administration. It is being implemented jointly with Russian Technologies State Corporation. It will become the main investor in the space of Micro-Electronics Center, which has never been constructed in the Soviet times. Unfinished facilities will be dismantled, and living quarters will be erected in their place. And the whole district will appear in a picturesque place—high-water bed of Svyagya and Seld rivers. High apartment buildings, cottages, all required modern social infrastructure, business center, specialized radio-instrumentation and microelectronics production, tied to base enterprises of the region, first of all, to the ones within the aircraft engineering. And the main thing is the scientific-industrial tech-park, which will be ready to accept new residents and will become one more site for investments which, again, will be only profitable for Ulyanovsk.

—Quite often interests of a business, concerned in investments of free funds into a profitable affair, and interests of power, concerned in the development of Ulyanovsk, coincide. Could you name a number of such perspective sites, where power is interested in attraction of investments to specific projects? Are there many such places in Ulyanovsk?

—Many. And there will always be many. Because the city does not stand still, it will always be developing. The Svyagya embankment is awaiting its investors; it is a picturesque place, where cottages, many-storey buildings and diverse recreation infrastructure should be located. The Volga embankment is also waiting for its investors; this place should become a adornment of the city and the beloved resting place of the citizens. A big area in Zavolzhye, meant for construction of living quarters on the bank of the Volga river, will become interesting for many, if we keep in mind that Zavolzhsky district is beginning to intensively develop under the brand “Ulyanovsk is the aviation capital of Russia”. Not without reason Victor Vekselberg has already expressed his interest in this area. But, I assume that we shall competitively examine projects of potential investors in order to select the best ones, which will meet the requirements of the city and interests of the citizens.
Hilton Worldwide, one of the leading international companies in hotel business, decided to open Hilton Garden Inn Hotel in Ulyanovsk by 2012. The hotel is to be built by AVIACOR Constuction Corporation (Samara), which will further own the building. As mentioned in Ulyanovsk Region Development Corporation (Ul.R.D.C.), businesses have been waiting long to have an international standard hotel in Ulyanovsk. All experts are confident that the hotel will be popular.

This impressed outside observers: Ulyanovsk is not a multi-million city, it’s inhabited with only 650 thou people. The time when it was interesting for tourists as Lenin homeland have passed long ago, and about two dozens of local hotels with totally 810 suites are now occupied roughly by 50%

However, business people visiting the city say that there’s nowhere to stay. Though some hotels have deluxe suites available and the biggest hotel—Venets (the Crown)—has recently received a 3-star standard, quality of hotel services in Ulyanovsk is not sufficient for wealthy people who are well experienced in tourist services and now visit Ulyanovsk more and more frequently, since they consider the region good for efficient investments. The idea that Ulyanovsk attracts more and more investors is proved by the fact that now there are over 100 investment projects in the regional investment portfolio totally amounted to 136 bln rubles.

As Igor Dyadchenko, Hilton Worldwide Development Director in Russia and CIS, noted at the regional Investments Council, when making a decision to build a new hotel the company’s leaders focused first on business tourism and on increasingly enlarged business activities in the region.

As noted in Ulyanovsk Region Development Corporation, representatives of foreign businesses are always interested whether international standard hotels are available in Ulyanovsk or not.

Hilton Worldwide has signed a managing agreement with Zagora Ltd. Company, a part of AVIACOR Constuction Corporation (Samara), about the erection of Hilton Garden Inn (HGI) Hotel in Ulyanovsk. It is the second agreement drawn by Vladimir Koshelev, the Chairman of AVIACOR Board of Directors, with Hilton Worldwide. In 2009 a contract for management was made up to erect Hilton Garden Inn in Samara. AVIACOR Constuction Corporation will conduct erection works in accordance with Hilton Worldwide brand standards.

In the mid of April 2010 an agreement between the regional government, Ulyanovsk Region Development Corporation and AVIACOR Constuction Corporation was signed at the regional Investments Council. According to the agreement, the regional government is committed to provide guarantees to AVIACOR for its investment activities and to render organizational and legal support to the project. The Development Corporation should provide technical, procedural, and institutional support to the project.

As explained in Ulyanovsk Region Development Corporation, the agreement has finished a half-yearly stage of negotiations, which basically resulted to official registration of all necessary land legal documents before the construction was started.

“Nowadays, the Ulyanovsk region is one of the most prominent investment areas in...”
The inner courtyard of the future hotel

World brand

HILTON GARDEN INN is one of the five corporate brands of Hilton Worldwide possessing deluxe- and economy class hotels. The company doesn’t use a star-category system since criteria are different in different countries. Hilton Worldwide brands are distinguished in classes. There are only five classes at all: Conrad (deluxe), Hilton (top grade), Doubletree by Hilton (high grade), Hilton Garden Inn (medium grade) and Hampton (economy class). Nearly 500 Hilton Garden Inn hotels were erected worldwide with totally 65 thou suites.

HGI Ulyanovsk Hotel will become the third Hilton Garden Inn hotel (a similar hotel was erected in Perm while the same one is planned for Samara) and the eighth Hilton Worldwide hotel in Russia. The total Hilton Worldwide portfolio includes over 3.6 thou hotels of different classes (over 500 thou suites) in 81 countries worldwide. In Moscow it is Hilton Moscow Leningradskaya top-grade hotel with 270 suites available, which was placed in one of the famous many-storied buildings of Stalinist architecture after it had been redesigned. Hilton Worldwide considers Russia, where its brand is highly recognized, a key strategic market and expects to build 70 hotels there in the nearest future. This year it is planned to open Hilton Gelendzhik top-grade hotel in Gelendzhik and Doubletree by Hilton Novosibirsk high-grade hotel in Novosibirsk. In 2011 Doubletree by Hilton will appear in Adler and in 2012 in Perm (the second hotel after HGI Perm).

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Russia. Many big Russian and international companies express their interests to allocate their business projects there,” Andrey Telkanov, AVIACOR Construction Corporation Regional Projects Director, noted during the project’s presentation. “Growing business activities make evident gaps in capacities required to hold conferences and seminars or any other events, which demand not only comfortable accommodation, but also high-standard services, including multimedia services.”

According to the project, a Hilton Garden Inn multifunctional hotel complex will be erected in the historical center of Ulyanovsk. There will be included a hotel and a shopping-and-recreation center. Besides, the underground parking facilities with 96 parking slots will be also provided. This will enable to avoid traffic difficulties in the city’s center. At least 155 working places will be created in the hotel with an average salary rate of about 19 thou rubles.

Minimum total investments will comprise 775 mln rubles, including 525 mln rubles to be spent for the hotel project and 250 mln—for the shopping-and-recreation center. Construction is to be started in autumn 2010; the commission timeline is 2012. A hotel payback period is to be seven years. The hotel is expected to achieve its rated capacity by 2014. “Based on our researches we plan a hotel filling capacity to be 55% during the first year. During the second and the third years we are committed to achieve 60–65% of filling capacity, which should be stabilized during the third year. We have to be on 65–70% of filling capacity. A hotel will be profitable for its owner when its filling capacity is at least 65%,” Dyadchenko said. “What about a client structure, we expect, first of all, the events, which will be held in Ulyanovsk, as well as further development of regional opportunities, individual and family tourism. So the hotel will be admitted by a wide circle of visitors.”

The project concept is to create an international-standard hotel complex, the best one for the region, including the shopping-and-recreation center. In addition to 175 comfortable suites the hotel complex will also include a fitness facility, restaurants, a business center and conference-rooms with the total area from 20 to 200 sq. m. As noted by the project developer, the business center will cover the town’s increasing demand in business-related capacities.

Two buildings—5-storey and 8-storey buildings—have been designed in Ulyanovsk within the framework of the hotel complex. The design of the hotel was made by John Seifert, a British architect, who had developed about 30 projects for Hilton worldwide. The architect proposed a hotel to be made in the trend of the 19th—beginning of 20th centuries, thus to blend it in with the old historical center of Ulyanovsk (before 1924 it was named Simbirsk). “The building itself is not traditional for Hilton Garden Inn hotels and it will be one of the most beautiful hotels in HGI collection worldwide,” Mr. Dyadchenko said.

“It should be noticed that architectural and historical buildings at Goncharov Street were taken into consideration in the design made in accordance with the land use and development rules valid for the city’s historical center,” he said.

The most part of Goncharov Street is occupied with two- and three-storied brick houses built at the 19th—beginning of the 20th centuries. Several buildings were designed by renowned talented architects of the Art Nouveau: Fedor...
Livchak, Theophane Volsov and August Chodet. Opposite the future hotel is placed a building for Simbirsk Mutual Credit Society built in 1912 by the architect Livchak, and the Residence of Merchant Tokarev erected in the same year by the architect Volsov.

The hotel will be placed at 27, Goncharov Street, southwestward from Pallada Shopping Center. This place is known in the city as a "spot" and is currently used as a municipal public transport station. AVIACOR Constuction Corporation has rented 6.6 thou sq. m. of land for the construction. The total building area will be 19.3 thou sq. m., including 9.3 thou sq. m. for the hotel, 5.2 thou sq. m. for parking facilities, and 4 thou sq. m. for the shopping center.

HGI Ulyanovsk would provide 175 suites to its guests, each containing comfortable Garden Sleep System with a controlled degree of fixity, Mirra ergonomic arm-chair by Herman Miller, a 24-hours business center, free high-speed Wi-Fi Internet access and PrintSpots™ portable printing facilities. Like in all other HGI hotels, the Pavilion Pantry Cafe will be working for 24 hours there. “We are aware that this hotel will stay the best facility in Ulyanovsk for a long time,” Mr. Dyadchenko noted.

Future accommodation prices are not known yet. The similar hotel in Perm suggests from 2,900 rubles for a standard suite up to 32,000 rubles for the presidential. Current prices in Ulyanovsk hotels are roughly the same - from 2,000 to 2,500 rubles.

According to Mr. Koshelev, Hilton Worldwide will operate and manage the hotel, and that would guarantee high corporate standards of its services. This will differentiate HGI Ulyanovsk from HGI Perm where Business-Contract Company (Perm) operates by a franchise contract drawn with Hilton Worldwide. “This is not a franchise, not only a sign of Hilton, like in Perm. Our design is real,” Mr. Koshelev said.

He also noted that AVIACOR Constuction Corporation would be an owner both of the hotel and the nearby shopping-and-entertainment center. They have already agreed with McDonald’s, which will place their facilities in the shopping center. Negotiations with some other tenants are in progress. Vladimir Koshelev pointed out that all tenants would be prominent, like McDonald’s.

At the meeting of the Investments Council Sergey Mozrov, the Ulyanovsk region Governor, urged Hilton Worldwide and AVIACOR Constuction Corporation to commission the hotel by May 2012, when festive events dedicated to 200-year anniversary of the famous Russian writer Ivan Goncharov begin. In accordance with the decree of the RF President, Ulyanovsk and St. Petersburg will be centers for celebrating the anniversary. “We have invited our state leaders, many scientists and literary men, and we would like to host them in a high-level hotel,” the Ulyanovsk Governor noted. By the way, in 2012 Goncharov Street will celebrate its anniversary—100 years passed since it had been renamed (until 1912 it was named Bolshaya Saratovskaya).

“We are confident that our partner—AVIACOR—would be able to build up the hotel with-in a year,” Mr. Dyadchenko assured the Governor. A planning design project has been made within the shortest time frame, might be within some weeks. Therefore, the design process will be probably very fast. We can’t work in another way since the competitiveness is high. At present there is no other network hotel in Ulyanovsk, and I suppose they will appear in the nearest future. After having signed the contract, I am sure, all other network operators would pay more attention to Ulyanovsk, and we would be committed to work hard.”

AVIACOR Constuction Corporation has now approved a preliminary project concept. Soon the Corporation will submit the project to the City Planning Council, after which the design process will start.

Alexey Mogila, Director of the Department of Retail and Regional Real Estate, Penny Lane Realty (Moscow), is confident that it is worthwhile to build Garden Inn Ulyanovsk. “The hotel will be certainly well demanded by business people. All regions of Russia demand such hotels, and even Moscow,” the expert noted.
OFFROADSTER OVERCOMES THE GAP

Automobile industry (Avtoprom), being traditionally a key business for the Ulyanovsk region, has significantly receded its position in the period of crisis. However, it still keeps staying the course due to the state support. The crisis could not destroy an automobile cluster, which combines over 90 businesses related to vehicles and automotive components production. However, automotive components producers understand that new foreign investments are required to keep their market positions. They have already prepared new sites for them.
Save on taxation

Basing on 1st quarter results, the Ulyanovsk region ranks 4th in the Volga Federal District on its Industrial Production Index (IPI). Its IPI comprised 120% from January till March 2010. The growth has been sustained almost in all processing industries. For example, IPI in machinery and equipment production increased 2.1 times (by 212.3%).

According to officials of the regional Ministry of Industry and Transport, one of the reasons for such rise was that automobile businesses had received some regional privileges. Since 2010 producers of engines and automotive components have been exempted from corporate property taxes, and this was specified by a special law. This enabled the OJSC Dimitrovgrad Automotive Plant, the OJSC Ulyanovsk Motor Plant and OJSC Avtodetal-service to use the saved funds for buying first raw materials and components to provide continuous operations. Another regional law has simplified debt-restructuring terms and conditions.

Public’s recognition

However, the milestone was a vehicle-recycling state program initiated on March 8th, 2010. The regional government has enlarged the program's capacities: it is committed to pay up additionally 50 thou rubles except those 50 thou rubles paid for recycled vehicles to people who want to buy offroadsters. SOLLERS Holding Company (including UAZ JSC) has provided an additional discount of 20 thou rubles. Thus, residents of the region could buy UAZ offroadsters at 120 thou rubles below market prices.

The result was not slow to arrive: UAZ is now a leader within SOLLERS brands. Dealing companies registered over two thou certificates during the program time frame. The plant has totally sold 5.5 thou of offroadsters during the first three months of 2010. “The plant has produced about 6.5 thou vehicles (176.8% v. the first quarter of 2009),” Sergey Yurasov, CEO UAZ JSC explained. “We expect over 13 thou offroadsters to be produced in the 2nd quarter, including over 2.6 thou of UAZ Patriot vehicles.”

For this purpose the Ulyanovsk Automobile Plant took a step towards “the past”; they returned to the conveyor a legendary UAZ-469 model popularly styled as a “goatling” (its production was stopped seven years ago). Time proved that it was too early to write off a formerly popular model (especially among country people).

However, the offroadster was renewed: a more powerful engine (2.7 l and 106 hp), a hybrid two-speed axle, disk brakes, a spring-loaded front suspender installed... So, the “goatling” still remains the most budget-funded vehicle (its tent-style option costs over 299 thou rubles). A “crisis” discount has a significant impact to this price.

Nevertheless, the price is not always a critical point. In March 2010 UAZ Pickup, which can hardly be called a budget-funded vehicle, has become a sales-leader through all other offroadster brands in Russia. UAZ Patriot offroadster is first in the “Best-in-Russia Vehicle” Contest in nomination “Home-produced vehicles”. At least 125 thou people among 640 thou taken part in voting gave their votes to UAZ Patriot.

In May 2010, just after a 2009 year-end meeting of stockholders, Mr. Yurasov advised that a unique sollers Research and Technical Center, whose specialists are committed to design and to improve sollers-produced models (including Ford, Isuzu, SsangYong), will be established at UAZ facilities.

CEO UAZ JSC also informed that a new structure—UAZ Holding Company affiliating UAZ JSC and ZMZ JSC (Zavolzhsky Motor Plant which supplies engines for UAZ)—is to be built up. As a result, the “repeating” productions will be reduced and free areas will be used to place a technological cluster to produce there automotive components for an automobile business newly established in Tatarstan. According to Sergey Yurasov, a prior task is now to attract thereto some big investors with high technological level of production.

Special vehicles for special customers

UAZ still keeps staying the course due to its regular state orders. Last year the plant sold 3300 vehicles to regional state customers within the framework of the RF
Ministry for Regional Development program. This is the second result after AvtoVAZ. The lion’s share of UAZ offroadsters (90%) was purchased by departments of the RF Ministry of Internal Affairs and the RF Ministry of Public Health and Social Development.

As explained by automakers, UAZ is ready to adapt its production to customers’ demands that plays an important role in getting state orders. “The plant can suggest a new car-line with high cross-country capacities to be used for medical purposes, including ambulances, which would go wherever no other mini-vans would reach,” Alla Akimova, a Head of UAZ Press Service, said. “Last year a new model T-Rex appeared with a load capacity up to 3.5 t. First, it can be used by special services in extreme situations, in rescue operations, in delivery of humanitarian aids or people’s evacuation, and in providing the first aid to inaccessible regions.” Patrol- and police cars are produced by special orders on the base of UAZ Hunter, UAZ-3909 and UAZ-3741.

This year the plant also expects to get some state orders. In accordance with the RF Government Executive Order, state customers would have the right to make delivery contracts directly with UAZ JSC without competitive tenders or intermediaries involved.

In 2010 UAZ has launched the production of vehicles with a dual-feed fuel supply system implemented in three offroadster models: UAZ Patriot, UAZ Cargo and UAZ-390945 (Farmer). Additional equipment costs 30 thou rubles that would be paid off within a year of car operation, as plant professionals explain.

Hope for residents

Otherwise is the case with DAAZ (OJSC Dimitrovgrad Automotive Plant). Up to 70% of DAAZ products were exported to AvtoVAZ. Therefore the plant is truly “feverish” now: it cut its production over a half in 2010. Last year DAAZ requested for some state guarantees for credit amounted to 1.5 bln rubles and the RF Ministry of Economic Development neglected it. At the beginning of this year the plant’s leadership has announced planned job cut of at least two thou employees until April 1st. Sergey Morozov, the Governor of the Ulyanovsk region, and Igor Komarov, AvtoVAZ President, announced at the last meeting that Togliatti plant still considered DAAZ as a key supplier for its products, including the whole perspective car-line. However, as explained by Mr. Komarov, “the disease of Russian suppliers of automotive components is high prices and low quality”. The Governor Sergey Morozov suggested a good way out of such situation, i.e. to create an industrial park at DAAZ facilities with specific preferential conditions for its residents.

Sergey Rodionov, DAAZ Deputy Director, expressed his hope that the industrial park would attract foreign investors to establish joint ventures that would enable them to produce high quality components. “At present, we have some projects pretending on the industrial park,” Sergey Vasin, Executive Director of Ulyanovsk Region Development Corporation (Ul.R.D.C.), said. “All these business units are joint ventures, which are going to produce automotive components. I think that if “Ob’edinennyye Avtomobilnye Tekhnologii” (the United Automobile Technologies) Holding Company feels future prospects to develop the industrial park in Dimitrovgrad, a managing company will be established there. We stake on such great development”. Experts are of the same opinion. “Big orders from AvtoVAZ and preferential conditions for residents would attract foreign producers of automotive components to establish their businesses directly at DAAZ location,” Konstantin Romanov, Finam Investment Company Analytic, considers.

The russified ‘Chinese’

One more center of the Ulyanovsk region’s automobile cluster is to be a new automobile plant (second one in the region), a joint venture established by local BAUW Motor Corporation and BAIEC Corporation (China). An agreement on construction of a new plant was signed just in the midst of the crisis, in March 2009. A full-cycle production line with the an...
Annual capacity of 60 thou vehicles is to be put into operation within the nearest five years. “At present, the company continues to develop 13 ha of its own production areas,” Olesya Fedorova, rep of BAWU Motor Corporation Press Service, said. “Last year the construction was transferred to a passive mode. However, the company was successful in providing all necessary supply lines at business units, in commissioning an office building and, moreover, in preparing the site for two new assembly lines. They are to be launched in spring or summer 2010.”

Weak points of some companies would be interpreted by BAWU Motor Corporation as strong points. “The Russian assembly-type would help to overcome a customer's prejudice relating to the products made in China and to improve attractiveness of BAW vehicles,” professionals noted. The plant has received Russian Vehicle Identification Numbers (VIN). This would enable it to participate in tenders.

At the end of May 2010 the plant has proceeded to produce STREET small-class buses supplied with diesel engines according to Euro-3 environmental standard and provided with soft seats and injury safe handrails. The price of a new model is averagely 25% less than the price of its similar basic prototypes. In opinion of Ulyanovsk authorities, STREET buses could replace GAZ mini-vans on regular routes. The plant is expected to produce from 200 to 300 small-class buses during the first year.

In summer 2010 BAW Motor Corporation is to present a new Tonik truck with a load capacity of up to 1 ton. Producers also intend to conquer the market in prices, which, as announced, will be much less than those ones valid for basic Russian and foreign prototypes. The total output of Tonik is expected to be about 1000 trucks in 2010. The model-line is to be improved due to supplying additional superstructures, like suction machines, backer's vans, tanks for edible liquids, garbage removal trucks and three-way tipping trailers.

Chance to improve

As analysts say, the future of the Ulyanovsk region’s automobile cluster should not arouse any doubt. Svetlana Tselikova, Avtostat Agency Analyst, says that within the nearest two years DAAZ would be loaded with AvtoVAZ orders for old-trend models. The future will depend on which effect a newly created industrial zone would be provided through technology changeover. Sevastian Kozitsyn, Analyst of Eurocreditservice Company, is sure in the future of OAO UAZ. “The plant making its products to orders will be always provided with job. UAZ will be successfully and fully developed within SOLLERS Holding Company,” the expert says. Dmitriy Baranov, Leading Expert of Finam Management Company, is of the same opinion saying that there are no competitors for Ulyanovsk offroadsters and that Chinese vehicles are too late with their entrance to the Russian market.” Nowadays, Ulyanovsk Region Development Corporation actively seeks for foreign investors to establish joint ventures and to allocate new high tech capacities for automotive components production at an area supplied with all necessary engineering and transport infrastructure—in Zavolzhye industrial zone. As Dmitriy Ryabov, CEO of Ul.R.D.C., explains, involvement of foreign companies with advanced technologies would enable to increase the competitiveness of automobile business.
Logisticians’ logic:
WE SHALL GO WHERE IT IS CHEAPER, QUICKER AND MORE QUALITATIVE

The Regional Government are sure that transport logistics (inter-regional and international transportation of cargoes, their segregation, handling and other operations) can and should be developed in the Ulyanovsk Region, because there are all prerequisites on the territory of the region to create a large transport-and-logistic cluster (TLC), working to satisfy the needs in transport-and-logistic services both of the region itself and of close and distant neighbours.

Starting point
For the first time the project of transport-and-logistic cluster “Volga Transit” with the estimated cost value of 50 bln rubles was presented at economic forum in Sochi in 2007. It is assumed that project financing will be carried out on the basis of state and private partnership. The project, just to remind, is intended to create an alternative, more short federal highway from Moscow via Ulyanovsk to Ekaterinburg, also to develop transport-and-logistic center on the basis of Special Economic Port Zone, two airports, two sea ports, automobile and rail ways.

“The Ulyanovsk Region is in the very center of Volga Federal District. The distance to the capitals of regions, making up the district, is 200–300 km. 20 mln people live within the radius of 300 km from Ulyanovsk,—says Sergey Morozov, the Governor.—And if we add our new Volga bridge, future federal highway, which will go from Moscow via Ulyanovsk to Ekaterinburg, two airports of “A” class and deep-water river ports on both sides of the Volga river, it will be clear that Ulyanovsk is the most beneficial point, where transport-and-logistic services can be rendered that is why we made a decision on construction of a large number of transport-and-logistic complexes in Ulyanovsk”.

Large logistic company FM Logistic from France has already decided to use the above advantages of Ulyanovsk. In the current year they will start to construct a storage complex of the highest class (“A”) with the area of 83.5 thou
Profitable transit

Square meters in Cherdaklinsky district of the Ulyanovsk Region (the class of the storage depends on storage conditions, equipment, availability or lack of anti-dust floor, etc.). Investments will make about 1 bln rubles. The complex will render services on storing and segregation of cargoes; it is planned that in 2011 it will be put into operation.

According to Alexander Smekalin, Director of the Department of Modernization and Development of Regional Economy of the Government of the Ulyanovsk Region, an “anchor” client for FM Logistic will be American food company MARS, which has two factories in this area—confectionary and pet food.

Although, probably, the complex will serve others as well, for example, brewery company SABMiller. “Now SABMiller has its own storage complexes, but at reaching full capacity they will surely need storages”—says Mr. Smekalin. He also marks that Kaskad Company also has a large “B”-class storage of 100 thou square meters in the industrial zone of the new city: the storage design of the same floor space has Maksima-X Company; another storage construction is being negotiated at the moment with one more company. Project of a terminal at the moment with one more company. Project of a terminal complex of JS Russian Railways is in the active stage of negotiations. “All these storages are constructed for the needs of local industry. With opening of Special Economic Port Zone radically new and larger players, dealing with transit cargoes, will be involved”, added Mr. Smekalin.

Strong argument

Federal Special Economic Port Zone (SEPZ) is, perhaps, the most strong argument to the benefit of development of transport logistics in the Ulyanovsk Region, because preferences for residents will be effective in SEPZ in a form of exemption from customs duties, VAT and many others. On June 2008 the tender commission of the Ministry of Economic Development, that is selecting applications for creation of special economic port zones, made a decision to create SEPZ in Ulyanovsk on the basis of international airport Ulyanovsk-Vostochny, and in 2009 a corresponding Statement of the RF Government was issued. One of the main SEPZ activities will be rendering of transport-and-logistic services.

Experts point out that the regional economy is interested, first of all, in transit cargo streams, due to which money is coming to the region from outside. So it is necessary to create a transport-and-logistic complex on a hub principle, within the airport special economic zone, where cargoes will be coming from abroad, segregated and delivered to destinations in the regions of Russia. At present 65% of all cargoes are first delivered to Moscow and then transferred to regions, and, quite often,—backwards.

Denis Baryshnikov, Director General of VolgaTechnexport Managing Company (daughter company of United Aircraft Corporation and Ulyanovsk Region Development Corporation (UL.R.D.C.)), established for development of airport activities, noted that with alternative options, when Moscow or Astana (Alma-Ata and Karaganda) are used as a hub on the route South-East Asia—Russia—Europe, useful load coefficient of transport vehicles does not exceed 63%. According to calculations of specialists, this coefficient will be increased in Ulyanovsk hub up to 73%.

According to him, the airport in Ulyanovsk is located so that it corresponds perfectly to the existing configuration of freight flows: out of the total scope of cargoes, coming from South-East Asia, 30% will be dispatched within Russia, 70% will go to Europe. Such distribution is favorably compared with the existing distribution via Moscow or Kazakhstan. Thus, within Moscow distribution center 10% of cargoes return from Europe to Russia, and within Kazakhstan various 70% of cargoes first fly to Europe, then return to Russia. So, the existing schemes of transportation unambiguously lose in comparison with Ulyanovsk option, believes Mr. Baryshnikov.

Placement of transport-and-logistic hub at SEPZ on the basis of Ulyanovsk-Vostochny airport, according to the expert, has three advantages. First, more low prices. Tariffs on cargo transportation might be decreased by 10–12% due to the increase of the useful load coefficient of transport vehicles, low tariffs on maintenance, on handling and storing of cargoes. Second, the time of cargo delivery from South-East Asia and Europe to the Central-European part of Russia and CIS countries will be 3–7 days shorter. Third, on the SEPZ territory there are no customs risks, there is a possibility to keep cargoes, not being limited by 90 days, and realize duty-free import of cargo to the territory of the RF.

Vildan Zinnurov, Vice-Premier of the Government, believes that north delivery cargoes and other inter-Russia shipments can pass through Ulyanovsk. “Here, in Ulyanovsk Volga-Dnepr Group is based,” he notes. “We have serious intentions towards Air Bridge Cargo, a sub-division of the Group, which will...”
shift to us 60% of cargoes, going from South-East Asia to Russia. There is only one outstanding issue: we must create unprecedented favorable terms for air-carriers and cargo consolidators, then we shall solve this problem”. According to the regional Vice-Premier, “SEPZ is a key element for the transport-and-logistic center”, and today’s main problem is a turn-round of aircrafts. “We must guarantee the world standards,” says Mr.Zinnurov. “For example, to unload an airplane in three hours, so that it can work further. And as for the freight, customs and further transportation—handling and transferring—we must do it without airplanes’ involvement. This is the main condition of all carriers. At the same time, it is important for cargo consolidators that there are no time limits for keeping cargoes at storages in order to solve all problems with customs clearance without any hurry”.

Some experts doubt that cargo streams, which were forming in decades, could be re-oriented to Ulyanovsk and world companies, working in the sphere of transport logistics, could be attracted here. Practically all world logistic companies are working in Russia, some of them by themselves, others via dealers. They will be interested in doing some business in Ulyanovsk only, if Ulyanovsk manages to attract freights from other regions, and this is a difficult task,” says Dmitry Baranov, the leading expert of Finam-Management Company.

Victor Prokopchik, supervising SEPZ Project within Volga-Dnepr Group, does not cherish the hope that cargo stream directions will be quickly changed. “Logistic centers are normally created on the basis of the existing cargo streams, rendering more qualitative services to freight-carriers and all process participants. We have no cargo streams. Moscow will never simply give out the streams,—these are billions of rubles. Besides, it is not easy to tear human connections, which have already been established between cargo-carriers and customs officers. People have been working together for twenty years, why should they fly via Ulyanovsk? It was forming for decades. In the same way it will be changing in decades,” says Mr. Prokopchik. He thinks that one should start with a small unit, and, if logistic companies turn to Ulyanovsk, then, gradually, it will be possible to intensify productivity. But now it is too early to speak about a logistic center.

Natalya Lukyanova, Director of the Strategic Projects Department of U.R.D.C., agrees that TLC Project is one of the most complicated ones in the Ulyanovsk Region, “but, if we work hard in this direction, it is possible to turn the tide”. She also says that Moscow is ready to “share” cargo streams, because it is overloaded with them, and “logistic companies will rush to the place, where conditions are more profitable”. “No less than five years will be required to restructure the streams, but this work must be started in any case. If we make a competitive proposal, a company, which counts money, will come,” says Natalya Lukyanova. And she gives an example of Germany, where Frankfurt am Main, quite small for the number of inhabitants, has managed to develop one of the largest hubs in Europe.

Skeptics’ doubts are based on the fact that cargo streams will not arrive to the place with no conditions, for example, storage complexes. And
Reliable junction

Apart from logistic centers, which are expected to fill the airport zone, transport-and-logistic cluster of the Ulyanovsk Region should cover the whole transport infrastructure of the region, tie in one transport junction railway, river port, highway transportation, and air carriages.

Oleg Gulyaev, acting Minister of Industry and Transport of the Ulyanovsk region, says: “Ulyanovsk is the last fi-

nal highest point of the Volga river, which could be reached by river-sea vessels. For all that, there are two river ports in Ulyanovsk on different banks of the Volga river, a developed road traffic network, two airports. It makes the basis to create a transport-and-logistic center, where operations on handling and junction of different transport streams with different transport modes will be performed. In other words, to transfer from air-carriers to railway carriers and backwards”.

In spite of the difficulties of the initial stage of the project, already now transport-and-logistic prospects cause interest within companies, including the world ones. In May the Ulyanovsk Region was visited by the delegation of DHL, the world-leading supplier of services in the sphere of express-delivery and logistics. “They expressed their interest. Even were pleasantly surprised by the opportunities. May be the project is not of tomorrow, but they have taken a note of it,” says Ms. Lukyanova.

It is obvious that TLC and SEPZ projects would have been impossible without a new Volga bridge, which was commissioned in 2009. A quarter of a century the bridge had a prefix “under construction”, and eventually it was changed to “functioning”.

Transfer to a new level

“Birth of a Giant”—this is the name of a documentary exhibition in the regional museum, prepared for the opening of the new double-level automobile bridge across the Volga river in November of last year. It is not by accident that ethnographers chose such a name: the bridge crossing is one of the biggest bridge structures in Europe and one of the biggest river bridges in the world. The length of the bridge with viaducts is 5,825 m, and with approaches—13 km. The constructed bridge crossing got the name “President” by analogy with the old bridge, which initially was called Romanovsky in honor of the tsar, although after revolution it was renamed and became bridge of Liberty.

On November 24 of the last year Presidents of Russia and Azerbaijan, Dmitry Medvedev and Ilkham Aliyev, cut the long-awaited red band at the crossing, and on November 27 a four-lane upper road was opened for all types of automobile transport. In 2014 it is planned to open a two-lane lower road. Traffic capacity of two automobile bridges may be increased from 20 thou up to 40 thou of vehicles per day.

Using the new bridge, transit transport, bypassing the city area, may reach federal highways Kazan-Buinsk-Ulyanovsk, Cheboksary-Nizhni Novgorod-Vladimir-Moscow, Saransk-Ryazan-Moscow, M-5 Ural and others. Also it may get to the regional and town mains Kazan-Ulyanovsk, Ulyanovsk-Samara, Dimitrovgrad-Samara, and approach Ulyanovsk from the highway Kazan-Buinsk-Ulyanovsk.

Long-distance truckers are getting used to the new crossing. Before its opening one had to wait for days to pass across the old bridge. And now many of them even turn off the highway M-5 Ural to the new

Complexes will not be constructed, if there are no cargo streams. Thus we have a vicious circle.

But in Ul.R.D.C. they are sure that in reality there are conditions in the Ulyanovsk Region. “First, a railway cargo transit from China to Kazakhstan passes through the Ulyanovsk Region,” says Dmitry Ryabov, CEO of Ul.R.D.C. “With the opening of a port zone two largest freight air-companies of Russia—Volga-Dnepr and Polet—are planning to use the capacity of Ulyanovsk-Vostochny airport and preferential terms of tax and customs SEPZ regime to develop aircraft freight hub for trans-loading of cargoes, transported from South-East Asia to Europe. Second, after construction of the second bridge across the Volga river and completion of Volga Transit Project, a mighty stream of cargo traffic will be passing through Ulyanovsk, by the port zone. The availability in Ulyanovsk of two cargo river ports, capable of handling “river-sea” vessels, especially the port on the left bank of the Volga river (not far away from SEPZ and railway station), allows to use this mode of transport as well. Thus we get four modes of transport in one place, and it allows to create a multi-modal transport-and-logistic center. Additionally, we actively work with JS Russian Railways,” sums up Dmitry Ryabov.

Profitable transit

...
bridge. “After putting the new Ulyanovsk bridge into operation many drivers will prefer to bypass Penza and partially Samara Region via Saransk-Ulyanovsk-Koshki-Sukhodol. At this part the traffic is considerably less, but the network of petrol stations and motels is poorly developed,” Wikipedia announces.

In future, when the federal highway crosses the Ulyanovsk bridge, transit, according to regional officials’ assessment, will grow by 30–40%.

**Third is not unwanted**

Opening of the new bridge crossing with high traffic capacity gave a possibility to start the implementation of Volga Transit Project, bethought in 2007, the most important part of which was the development of a new federal highway, providing a more short way from Europe to the Urals.

According to the project, its length is about 2.5 thou km. The route will go from Moscow to Ekaterinburg via Murom, Saransk, and Ulyanovsk.

Volga Transit—is an alternative to routes M-5 Ural (Moscow—Chelyabinsk) and M-7 Volga (Moscow-Ufa) and will pass exactly between them via Vladimir Region, Mordovia, Ulyanovsk and Samara Regions, and Bashkortostan.

According to Vildan Zinnurov, the regional Vice-Premier, the idea was supported at the Federal level, and Volga Transit route was included into “Transport Strategy of Russia up to 2030”.

According to the opinion of Dmitry Baranov, Finam expert, the new federal highway will not be out of place. There are not enough roads in Russia. In the Federal target-oriented program “Development of the Transport System in Russia in 2010–2015” it is said that the Russian Federation is 2–3 times behind the developed world countries with regard to the length and density of the road network. Meanwhile, it is forecasted in the program that by 2015 traffic intensity on federal highways will be increased by 40–50% in comparison with 2006. “Although the project is enormous, it is quite a realistic one,” concludes the expert.

For Russia a new federal highway will provide a re-distribution of transport flows, and will allow to unload federal routes M-7 and M-5 by one third.

According to Mr. Zinnurov, Volga Transit federal highway will provide the region with cargo stream, service plaza, will fill in logistic centers, give an impulse to new investments, increase the investment attractiveness of the region. It is forecasted that with implementation of the project cargo stream in the region will be increased by 30–40%. The project will allow to use to the full capacity both river ports on the banks of the Volga, both airports, which at the moment are loaded only for 20%.

Engineering survey should start in 2011 and last for five years—up to 2015. “Now we try to shift the beginning of this work to as closer a date as possible”,—pointed out Vildan Zinnurov.

If, after engineering survey, the decision on a highway construction is made, then in 2016 the construction will begin, and by 2030 the highway will be finished.
MINISTRY OF AGRICULTURE IS CHANGING ITS PRIORITIES

In spite of the crisis, investments into Ulyanovsk agriculture are still growing. But their structure has changed, and now the priorities are different.
How to develop the land

When in 2006 the new Governor Sergey Morozov declared the investments policy a priority, it became a start of a system work on attracting investments into agriculture. At that time for the potential investor the phrase “unploughed field” was not a witticism. There were tens of thou ha of such lands in the region.

Formally these lands had their owners, but considerable funds and a strategy of a serious investor were needed to turn them into arable lands. That was why agroinvestors received not only general preferences, which are guaranteed by the Law “On development of Investment activity in the Ulyanovsk Region”, but also a special “package proposal”. It was the decision of the regional Legislative Assembly to increase up to 30% the maximum area of the total agricultural ground in one municipal rayon for one legal person.

The first big investors, who came to Ulyanovsk, were agricultural holdings of the federal scale: Ivolga Holding (Republic of Kazakhstan), Siberian Agrarian Holding SAHO (Novosibirsk), RusnRusGroup (Nizni Novgorod), Mordovzernoresurs and Mordovian Agroindustrial Corporation (the Republic of Mordovia). They all are still working successfully in the region.

“Straight away the Ulyanovsk Region authorities gave the “green light” to the Company Group Siberian Agrarian Holding”, says Pavel Skurikhin, Chairman of the Board of directors of the company. “We got all necessary approvals in the shortest time, and all principal questions were decided in about two months and even earlier. Creation of the daughter agroholding SAHO-Agro-Ulyanovsk was begun in summer, 2007, and in winter we already began field works.

Due to mass involvement of agrarian lands and to modern machinery and technology we managed to get a million of tons of grain already in 2008. In 2009 we got even more than a million. In May, 2010 Ministry of Agriculture stated that the first stage of the investment program was a success. The region was fully provided with bread grain.

Investors now pass from extensive to intensive growth. In previous years Siberian Agrarian Holding was gaining more and more long-fallow lands and putting them in use. And now their new aim is effective production due to optimization of crop rotation. SAHO is also creating a vertically integrated holding in the Ulyanovsk region for production and sale of bakery from its own grain.

Good crops of the last years inspire the agrarians to diverse their production. Purchasing prices of wheat and rye have dropped, and for many the expected income remained only in their business plans. Following the logic of the market, enterprises are enlarging sow areas for haricot, forage crops, grains, sugar-beet, and sunflower. Minister of Agriculture Margarita Salova states that their task is to ensure food safety of the region and, at the same time, to retain as many profitable enterprises as possible. “Therefore we align the agrarians to use their lands to the maximum effect, and to follow the market situation, to diversification”.

Cows approach Europe

Regional Ministry of Agriculture considers the first investment task fulfilled. The lands are being developed, the crops are high, and the region is with grain. The second task is cattle breeding.

Favorable crediting and the state support in buying breeding stock and high-tech equipment allowed many Ulyanovsk farms to realize rather ambitious projects. One of them was reconstructing a pig farm complex of the 80’s into Novomalyklnsky Pig Complex with the Danish technology. New conditions of livestock living and feeding allow to speed up the growth two or three times. In a year and a half pork production was doubled.

StroyplastmassAgroproduct is an example of success in milk farms. After the old equipment was changed into Swedish (De Laval), labor expenses reduced twice at the operations of milking, primary proceeding and storing of milk. Production output is growing, and the quality is at the European level. Such projects are realized at a number of other farms of the region.

The conditions of stock keeping are at the world level, and the Ulyanovsk agrarians are seriously talking about “stock-keeping codex”.

Investors from other regions are also moving to Ulyanovsk cattle breeding. JS Trade House Talina from Mordovia is reconstructing the pig farm Roschinsky with the German company Schultz equipment. The cost of the project is 1.19 bln rubles, and the production capacity is 9.8 thou tons of pork a year.

JS Mordovian Agroindustrial Corporation began to construct poultry agroholding with the capacity of about 100 thou tons of meat in live weight and up to 500 mln eggs a year. In 7 rayons of the Ulyanovsk region investors put into use 18 thou ha of agricultural lands. By the way, 12.5 thou ha of them were not handled for the last 3—8 years.

Already this year a new player came to the field of sheep breeding, which is historically developed in the Ulyanovsk region. It was due to the efforts of the Region Promotion Department of the Ulyanovsk Region Development Corporation and of the Ministry of Agriculture. The investment project of the company group
ITAKS (Volgograd) is to create in the region two sheep farms with 5 thou heads each. After the design capacity is reached, they will give up to 350 tons of live weight of mutton and 56 tons of wool per year. The planned volume of investments is 100 mln rubles, and the realization term is 2010–2013.

The attention of other regions and of the Ministry of Agriculture of the RF is attracted by the mega project of JS Krasny Vostok Agro (Tatarstan). It is a farm for 7800 cows of the Holstein-Friesen elite brand with genetic productivity of 10–12 thou liters of milk per year. By now it is the largest project in Russian dairy industry. The investment volume is more than 3 bln rubles.

After it reaches gross capacity, it will be able to produce more than 62400 tons of milk a year. 25 thou ha of lands will be cultivated in order to provide the live stock with fodder. With the support of the regional government JS Krasny Vostok Agro is planning to establish a scientific and production center, where specialists for agricultural sector will be prepared, and not only for Ulyanovsk, but also for other regions. At present Ulyanovsk Region Development Corporation is also looking for investors to build a turkey growing farm.

Specialists of the Department on Investment Attraction have already chosen an ideal ground for such a factory, with the land, required to produce fodder.

**Mini—to the maximum**

Margarita Salova says that she has no doubt, “that the State program on production of milk, meat, and eggs will be fulfilled, but the growth of live-stock, especially in private husbandries, is a sore point. That is why we are actively attracting investors to the meat and dairy farming.” The program of meat stock farming is worked out to stimulate investors in this branch. And Ministry thinks also about stimulating of smaller forms of country husbandry through the development of consumer cooperation. This purpose-oriented program is acting since January, 2010. The logic is that in a cooperative of the first level farmers will install a milk reception station and collect milk from the neighbours. Then they take it to milk factories or process it themselves at a mini-factory, which they can buy on leasing conditions with the help of the regional budget. The budget pays 30% of the mini-factory cost, and Regional Trust Fund guarantees the deal.

The regional purpose-oriented program is for 2010–2012. This year it will get 36 mln rubles from the regional budget. Its aim is to form an integrated close cycle of production, processing and marketing of cattle breeding product. All added value, that is now going to processing units, into trade and other intermediaries, must stay with the producers. Ministry considers that the economic effect of this idea is rather serious, because 50 to 75% of products come from the smaller forms of farming. In fact, they are the main agent in agriculture. The share of private households in meat and milk production is 60–70%.

**To the farm with a computer**

An innovating project “New Village” is being under special attention of regional agricultural Ministry. Family farms of a new type are constructed in the village of Aleksandrovka in Novomalyshensky rayon, due to the Federal Program of complex development of rural territories.

The construction began in 2009. This is a complex of bowery farms of 150 houses with 1 or 2 apartments and complete social infrastructure. 140 mini farms are opposite the houses. They can be: pig farms for 10 sows, 120 sheep farms, goat farms, fish breeding farms, poultry or cattle farms with 24 cows. Meat processing and feed factories are also there. 2 or 3 farms will be
engaged in plant breeding. The cost of a house with a mini-farm is 10 to 15 mln rubles, depending on its type. Edward Vyrypayev is the main investor. He is the owner of 4.97% of RTM holding, and he has created the “Park House” shopping network. Other investors do not want to disclose their names.

Managers of the project “Aleksandrovka” administration company say: “The project is ideologically different from all what is done in the villages, and technologically it is the most innovating project in Russia. The main thing is not to create a farm, but to create new motivation for future owners, and new technology of the process management”.

A house and a mini-farm will be leased to young specialists in agriculture by the administration company. Preferably to those who are married. The expected salary is 20–25 thou rubles. Farmers must work as undertakers, making contracts with administration company. In 8–10 years they must buy out their property. “All farms are with the high level of automation and computerization. They will be united into an information net, allowing the process control, which will be done by the administration company. Everybody is doing his work, and together they are an effective cooperation”, project managers say. “The main aim is to give young people a chance to see that work in a village can be better than in a city, in a prestigious company. It is a net project, and we hope it will be implemented also in other Russia regions.”

Investors speak about creating an agro-industrial cluster, where they will produce agroproducts together with local farms (satellite farms) in the radius of 100 km from Aleksandrovka. The total cost of the project is 4.9 bln rubles. 3.9 bln of them will be borrowed, 990 mln are their own. Realization time, with the satellite farms, is 2.5 years. Pay-off period is 7 years.

The regional government helps to build infrastructure: water and gas pipelines, electric power supply, and connection to utilities. Investors’ expenses will be partly compensated in credit interests and cost of the breeding elite stock. In case of success in Aleksandrovka the governor intends to consider the construction of similar cooperatives in every municipality of the region.

The farm for 7,800 Holstein-Friesian cows—the biggest project of the Russian dairy sector*

*The farm for 7,800 Holstein-Friesian cows—the biggest project of the Russian dairy sector

**Indicators are encouraging**

From 2005 there has been growth in agriculture in the region. From 2005 to 2008 farm gross output was increased by 22%. In the crisis 2009 year the Ulyanovsk farmers were also in “plus”. The production volume was 19 bln 280 mln rubles, which is 0.6% more than in 2008.

Ministry of Agriculture’s data say that the volume of investments in the last 4 years increased 5 times. In 2004 it was 395 mln rubles, and in 2008—almost 2 bln. Independent experts explain it by not only “warming of the investment climate”, but also by active marketing policy in investments. The agrarians themselves explain it by changing the State’s attitude to the branch.

Only in 2009 the agrarians got more than 1 bln rubles from the budgets of all levels of enterprises. And private farms got more than 800 mln. Banks say that the credit rate is 120–140 credits per week.

Sown areas increased by 20%, grain production—1.6 times. In 2008 and 2009 it was more than a million tons. New crops appeared in the region: soy and grain corn.

In 2010 the tendency is being maintained. Ulyanovsk Statistics Bureau stated the index of production in agriculture in the 1st quarter to be 106.4% in comparison with January and March, 2009. The total volume of agriculture production is 3.6 bln rubles. Ministry intends to raise this volume no less than by 3.1% in 2010.

CEO of the Ulyanovsk region Development Corporation Dmitry Ryabov says: “In the last 3 years plant breeding companies came to the region, cattle breeding is being actively developed. Next we will attract investors to processing of agroproduction. We are ready to offer sites with all engineering infrastructure and to provide tax preferences to the investors.”
CONQUEST OF ONESELF

The Ulyanovsk Region has entered a tourist pass

Tourist business has attracted rapt attention of the Ulyanovsk regional authorities. The region has proceeded to a project management in tourism that interested some big market players in this innovation. However, the tourism development is hindered with a poor infrastructure and gaps in modern tourist service capacities. Advanced technologies of the development of interregional cooperation in the field of recreation industry will be discussed in June 2010 of the all-Russia meeting in Ulyanovsk.

Lenin is not to blame

The government’s commitment to make the Ulyanovsk region attractive for tourists has been well proved. As explained by professionals of the National Open-Air Museum ‘Rodina V.I.Lenina’ (Lenin’s Homeland), at the end of the 1980s Ulyanovsk was one of the most attended cities in the world. Municipal museums admitted daily from 40 to 50 groups of tourists coming there by river cruise motorships.

In the 1990s, during the years of epoch changes, there happened a collapse in tourists’ flows to Ulyanovsk. Many people might explain this by loosing an interest to Lenin’s name. However, Vladislava Slepova, Head of the Tourism Department of the regional Department of Entrepreneurship Development, is assured that Lenin is not to blame. “It is an absolutely false position. The issue is the former Soviet tourism system when our travel agencies were used to operate only as excursion bureaus—travel groups had been delivered and they further provided excursion services,” explained Ms. Slepova. She said that after the Soviet system collapsed travel agencies could not adapt their business to new conditions and instead of learning how to attract tourists to new routes, regardless whether they related to Lenin’s name or not, they first preferred to resale tours abroad. They did not want to contract with motorshipping companies, since it was too anxious to accept a motor ship and the proceedings from such tours were comparable with the proceedings received from only one travel abroad sold successfully from a warm office.

So motor ships started to stay away from Ulyanovsk. Excursions had been excluded from tours, since there was no supply from Ulyanovsk travel companies. “When we started our business in 2005, some large tour operating companies from other cities were impressed why they usually negotiated with travel agencies reps coming from other regions while only with bureaucrats from our region,” Vladislava Slepova said. She is confident that if someone wants to earn, they start to do something consequently, like, for example, Mikhail Segal, Head of Samaraintour Travel Company.

Mr. Segal said that five years ago, when he began to negotiate with cruise companies on how to include excursions to Ulyanovsk to their itineraries, he met with the prejudice of some river-companies, like “There’s nothing except Lenin’s places to see in Ulyanovsk” and “Whom is Lenin interesting to”. But Mr. Segal has a dif-
Tourism

There's no match to it in the Volga Region on sightseeing opportunities,” he said. “There are many other points of interest in Ulyanovsk except Lenin’s places. There’s no match to it in the whole Volga Region on sightseeing opportunities,” he said.

As mentioned by market participants, there are large tourist and recreation resources in the Ulyanovsk Region available. There are 20 health resorts, 4 rest houses and 27 recreation facilities in the region. The following facilities have the all-Russia reputation: a sanatorium-and-spa center named by Lenin (near the Volzhanka mineral water spring in Undory), Dubky and Pribrezhny sanatorium-and-resort facilities, 14 state natural reserve areas (two of them are of national importance), 95 natural monuments, many historical monuments and reserve areas, the largest Museum of Civil Aviation and many other attractions.

The most famous natural areas are as follows: Beloye Ozero (the White Lake) in Nikolayevsky district, which is a glacially sculptured natural lake formed about 250 thousand years ago; Yulovsky Prud (the Youlovsky Pond) in Izensky district, which is famous by its beauty; Sengileevskiy Gory (the Sengileevsky Mountains), the largest regional resource of ecotourism; radon resources in Novospassky district; Undory facilities, which are famous with their mineral water, medicinal “blue” clay and open-edge sediments of the Jurassic period. However, these vast opportunities are used only by 10 to 15 per cent, as the regional government explained. Meanwhile, the Ulyanovsk region market opportunities for inland tourism are estimated by tourist professionals at least of 6 bln rubles per year.

Professionals consider the unawareness of national tour operating companies about strengths and opportunities of the region as a basic reason for why these capacities are not fully used. “In the Soviet times Ulyanovsk was interesting by Lenin’s name and by its advantageous river routes,” Rostislav Zakharov (Moscow), Director of the Department of Inland Tourism, Capital-Tour Company, said. “We don’t know how much your region is attractive now. You should focus on your strengths, like for example, Kazan does, which invites representatives of national tour operating companies two or three times per month to participate in promotion and monitoring tours, thus demonstrating them all its attractiveness.” As explained in the regional Department of Tourism, similar tours will be organized to Ulyanovsk this year. Special resources have been allocated for this purpose.

Director of VolgaTour Agency Oleg Efremov considers that first you have to create the up-to-date recreation infrastructure. Meanwhile, as explained by a contact in the regional government, there exists one more issue. Owners of some famous treatment centers and rest-houses located in the most attractive areas are satisfied with their high admittance rates in summer and they do not want to improve infrastructure or service quality. At the same time, they are not intending to sell their businesses, which might be used more efficiently by big investors. “Like a dog in the manger,” the contact said. Low activity of small businesses operating in tourist services is to be another reason of such situation due to their high capital intensity and a long pay-back period.

Walking along an un-negotiable path

However, the regional government officials are well aware of these problems. The following issues, which might cause urgent measures in tourism development, have been mentioned in the recently accepted competitiveness development program, i.e. low service quality, old infrastructure, lack of market research systems to monitor tourists’ flows, gaps in large investments to tourism, low quality of information services provided to tourists and a deficit of business initiatives.

Sergey Morozov, the Governor of the Ulyanovsk region, said that tourism is one of the focus areas for the regional government. He set up priorities for the development of regional tourism considering its important integral part of investment activities of the region. The leadership of Ulyanovsk Region Development Corporation (UL.R.D.C.), which main activity is to attract investments to the region, is well confident about this fact. According to Dmitry Ryabov, CEO of UL.R.D.C., key targets for 2010 include structuring and implementation of new investment projects to support tourism and to improve the infrastructure.

The following projects managed by Ulyanovsk Region Development Corporation are the most important for the region: the Leninskje Gorki (the Lenin’s Hills) active leisure park and the Simbirsky regional sports park with Avtodrom multi-profile sports complex. The “National Village” project is planned for the future. It’s quite possible that an indoor Aquapark will soon appear in the city. The Corporation actively seeks for project investors. In April 2010 an agreement on cooperation between the Ulyanovsk region government, Ulyanovsk Region Development Corporation and AVIACOR Construction Corporation was signed. The main point of it is erection of Hilton Garden Inn (HGI) Hotel in Ulyanovsk by 2012. The project is intended to create a comfortable environment for business and tourism development. “Besides, we have considered opportunities to build mini-hotels in all municipal entities. A site is being selected now in Dimitrovgrad,” Sergey Vasin, Executive Director of UL.R.D.C., said. He also notes that UL.R.D.C. is to review...
Tourism

investment proposals on the development of the most attractive and profitable tourist and recreation areas, like Undory and Beloye Ozero and, if necessary, would assist big investors to negotiate with land- and project owners. However, a Head of the Department of Tourism considers that there is no necessity to wait until owners of old sanatoriums or rest centers decide to let investors come to the market. “We should simply invite big investors to build new sanatoriums and rest houses in the same areas. Then the business development would start, and those who don’t want to develop will leave the market,” Vladislava Slepova said.

Regional authorities decided to foster the region’s participation in various exhibitions and shows, conferences and national programs in tourism thus to widely promote it through Russian tour operating and travel companies. In February 2010 the Ulyanovsk regional government and the Federal Agency of Tourism signed a cooperation contract in tourism. According to this contract, Rostourism will support the region to promote its touristic products through Russian and worldwide markets and will help it to foster investment projects in tourism. In March 2010 the regional government and the Association of Tour Operating Companies of Russia signed an agreement on interaction in tourism, thus to attract big Russian investors and advanced travel technologies to the region.

In April 2010 at the “Live and Rest on the Volga” Tourist Forum several travel and communication centers from Ulyanovsk, Kazan, Samara, Togliatti, Chuvashia and Mari El made a mutual agreement and decided to create a Coordination Interregional Council on the Development of Tourist Industry. At the end of June 2010 the all-Russia meeting “Interregional Cooperation in Tourism” will be held in Ulyanovsk, which is being organized under support of Rostourism. “Main issue to be discussed is to create a system of interregional tourist products, which would be competitive both on Russian and world markets. We should combine our joint efforts to be able to compete with the Golden Ring routes,” Ruslan Gainetdinov, Director of the Department of Development and Entrepreneurship said. “Interregional cooperation would enable us to solve a problem of how to attract more guests by improving quality and value of tourist products. Visits to other regions would give more impressions. Regions and tour operating companies will have additional incentives (a “trump card”) in their negotiations with logistic and transport companies to reduce transports rates,” Vladislava Slepova adds.

A zone by law

The law entitled “About Measures on the Development of Tourist Activity on the Territory of the Ulyanovsk Region”, which is based on proposals made by the regional Department of Entrepreneurship Development referring transition to project management system in tourism, came into effect on the 1st of March 2010. The paper has entered a status of state registeration. As explained by Ruslan Gainetdinov, Director of the Department of Entrepreneurship Development, it’s necessary to develop new routes to use wide tourist opportunities of the region, therefore tour operating companies, not numerous travel agencies are needed. “The issue is that we don’t have big tour operating companies providing modern tourist technologies. They would be able to regulate only flows of tourists, otherwise all investment proposals would be hardly developed. This is evident,”— Mrs. Slepova adds. Officials hope that additional privileges will become good incentives for local tour agencies, which want to act as tour-operators. The key point is that they would attract big national tour operating companies to Ulyanovsk. Mr. Gainetdinov also considers that creation of ‘Tourist-and-Recreation Areas’ will foster the development of small businesses in tourism.

Andrey Natariev, Project Leader of the Tsentr Remyosel (Handicrafts Center), confirms this saying. “There are over 100 agencies in the city, and only two of them expressed their desire to arrange excursions. So, it means that most of travel agencies are provisional.”

“To Granny”—to Village

Owners of the following regional tourist-and-recreation centers have already applied for getting a status of ‘Tourist-and-Recreation Areas: the Russky Bereg (the Russian Coast) Agro-and-Tourist Complex in Staraya Maina (Old Maina) settlement, the Tsentr

57
Remyosel Handicrafts Center in Novaya Benga (New Benga) settlement and the Simbirskaya Gavan’ (Simbirsk Harbour) project (the Ulyanovsk river port). As Vladimir Slepova says, these projects have been included to the regional application submitted as a part of the national target program entitled “The Development of Inland and Outland Tourism in the Russian Federation in 2011 through 2016”. If the application is successfully approved in Moscow, it will enable to attract over 900 mln rubles from the federal budget to develop the regional tourist infrastructure.

Sergey Lakovsky, owner of the Russky Bereg, considers big future opportunities of agrotourism. There is still a demand for “to-granny-to-village” tours, and the number of grannies living in village houses becomes less and less. The Russky Bereg provides an eco-village lifestyle with the own multifunctional farm facility, which supplies natural products for its residents and guests. The Complex has recently started to accept tourists all the year round. The businessman finished his 2009 season with a net profit, which he invested into the further development of the Complex. Privileges of having the Tourist-and-Recreation Area status, to which the “Russky Bereg” does pretend, would enable the owner to enlarge the project boundaries from 30 ha up to 500 ha.

The Tsentr Remyosel project, which has been implemented since 2007 upon the initiative of the Ulyanovsk region Handicrafts Chamber in Novaya Benga, is a unique project within the whole Russia. “This facility includes a hotel complex operating as a model center, particularly as a business incubator, which would focus on flows of tourists,” Andrey Natarius, the project’s author and the Head of the Handicrafts Chamber, says. Guests would learn handicrafts or could participate in archaeological excavations (remains of an ancient settlement were discovered in autumn 2008 on the area adjacent to the Handicrafts Center; this is a good learning material for archaeological and palaeontological researches). “We do position our cultural, scientific and family entertainments,” Mr. Natarius said. This is a leisure time for people who want to change their everyday life and try to do something new. It is planned to host 150 guests at one time in the hotel complex. Ulyanovsk Region Development Corporation focuses on opportunities to attract investors thereof.

According to Mrs. Slepova, agro-tourist complexes became very popular in the region. There are dozens of such projects. Many of them focus on hunting and fishing. There exists even an apicultural project, which already has wide popularity, as professionals say. “My colleagues from neighbouring regions note that during the last few years the Ulyanovsk region became a vogue maker in some infrastructure projects,” Mrs. Slepova says.

The Simbirskaya Gavan project of the River Port also pretends to have the Tourist-and-Recreation Area status. A tourist complex with apartments, penthouses, a hotel, an inn, cinema parking slots and modern beach-and-entertainment facilities are to be erected in the very heart of the “Gavan”, in the river port... A first “green mooring” among 10 planned stand points will be opened this year in Krasny Yar within the framework of the project, including a rest-house with a cafe-bar and “relaxing apartments”, well equipped beach facilities and a pier for small-size fleet. The Simbirskaya Gavan project, which aims at creation of up-to-date passenger and tourist infrastructure facilities and at revival of river transportations, would become a locomotive for the Ulyanovsk regional tourism since excursion opportunities of the city are mostly demanded by those who come to Ulyanovsk by the Volga.

Built in the beginning of the 80’s, the Ulyanovsk National Open-Air Museum “Rodina V.I.Lenina” (Lenin’s Homeland) has anticipated its first purpose and nowadays it’s a unique tourist product—an open-air facility with well-kept wooden historical buildings of a Russian province town built at the end of 19th—beginning of 20th centuries. Foreign professionals note that such museum of wooden architecture can never be found in the world. The Open-Air Museum has developed a project resulted in establishing a new tour operating company “Rodina V.I.Lenina Ltd.” (Lenin’s Homeland) together with the regional government and Volga-Fleet-Tour Ltd., which has already started its operation this year. The company has already announced its desire to get a status of a high-priority tourist project.

“We have plenty of attractions to show to our tourists. While someone seeks reasons for doing nothing waiting in vain for something on the Volga, the others do proper things and occupy the market,” Vladimir Slepova notes. According to her, one more big tour operating company, the owner of trademarks “Zolotoye Koltso” (the Golden Ring) and “Bolshaya Volga” (the Great Volga)—Vladinvest-tour—showed a serious interest towards the region...

So, rules of the game have been identified, and a list of players has been enlarged and is still open...
**Useful figures**

**Economically active population according to age,**%  

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<td>3</td>
<td>1.4</td>
<td>2.8</td>
<td>4.2</td>
<td>4.9</td>
<td>4.7</td>
<td>2.2</td>
</tr>
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<td>0.6</td>
<td>0.8</td>
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<td>0.7</td>
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<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
</tr>
</tbody>
</table>

**Economically active population breakdown according to educational background,** (in%, data valid in 2008)

- Higher professional education
- Initial professional education
- Intermediate (full) general education
- Basic general (incomplete intermediate) education
- Elementary education and no education

**MONTHLY AVERAGE SALARY RATES FOR EMPLOYEES IN SOME INDUSTRIES (rub.)**

<table>
<thead>
<tr>
<th>Industry</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ulyanovsk region—total</td>
<td>11727.1</td>
<td>10864.3</td>
</tr>
<tr>
<td>Agriculture</td>
<td>7759.6</td>
<td>6863.8</td>
</tr>
<tr>
<td>Mining operations</td>
<td>19502.9</td>
<td>18180.1</td>
</tr>
<tr>
<td>Manufacturing businesses</td>
<td>10745.6</td>
<td>11252.8</td>
</tr>
<tr>
<td>Cement, lime and gypsum production</td>
<td>14633</td>
<td>15161.3</td>
</tr>
<tr>
<td>Metallurgy</td>
<td>10136.8</td>
<td>12234.4</td>
</tr>
<tr>
<td>Electrical machinery and equipment</td>
<td>9457.1</td>
<td>12095.9</td>
</tr>
<tr>
<td>Medicine devices</td>
<td>14598.3</td>
<td>13102.8</td>
</tr>
<tr>
<td>Automobile business</td>
<td>12806.8</td>
<td>14126.6</td>
</tr>
<tr>
<td>Automotive components</td>
<td>8495</td>
<td>11060</td>
</tr>
<tr>
<td>Ships, air- and spacecrafts</td>
<td>14376.6</td>
<td>12602.7</td>
</tr>
<tr>
<td>Construction</td>
<td>12631.5</td>
<td>13688.9</td>
</tr>
<tr>
<td>Air and space transportation</td>
<td>45164.9</td>
<td>44699.5</td>
</tr>
<tr>
<td>Handling services and storage</td>
<td>11129.1</td>
<td>8790.6</td>
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<tr>
<td>Education</td>
<td>9223.2</td>
<td>7419.4</td>
</tr>
<tr>
<td>Public health and social services</td>
<td>10628.1</td>
<td>8550</td>
</tr>
</tbody>
</table>

**Areas of investment attractiveness**

1. Special Economic Port Zone  
2. Zavolzhie industrial zone  
3. Novoulyanovsk industrial zone  
4. Novospasskoye industrial zone  
5. Urban development of the Sviyaga river sides  
6. Residential micro-district and relating utilities and social infrastructure (Dimitrovgrad)  
7. Integrated west-1 residential micro-district construction project  
8. Residential and public construction sites for investment in Zavolzhie district, Ulyanovsk  
9. Residential construction concept Artozavodskaya street, Ulyanovsk  
10. Commercial-entertainment complex PUSHKAREVSKOE KOLTZO  
11. Regional shopping and entertainment centre AQUAMALL  
12. Simbirsky regional sports park  
13. Active leisure park LENINSKIE GORKI  
14. Aquapark multifunctional complex  
15. Multifunctional entertainment center and hotel complex  
16. Multifunctional business center  
17. Commercial and business center  
18. TRUD stadium reconstruction  
19. TORPEDO ice stadium  
20. Multifunctional cultural-use building complex on existing SOVREMENNIK movie theater facilities  
21. Multifunctional building complex in Ulyanovsk

**HIGHER EDUCATION INSTITUTIONS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher education institutions</td>
<td>16</td>
</tr>
<tr>
<td>Non-governmental (including branches)</td>
<td>5</td>
</tr>
<tr>
<td>Number of students—total (thou persons)</td>
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</tr>
<tr>
<td>State (including branches)</td>
<td>53.1</td>
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<tr>
<td>Non-governmental (including branches)</td>
<td>4.1</td>
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