Round Table
« Investments and Ecology »

On cooperation between the Chelyabinsk region and Japan

Elena Vladimirovna Murzina
Economic Development Minister
Chelyabinsk region

2008
CHELYABINSK REGION

- is situated in the centre of the Russian Federation on the border between Europe and Asia;
- borders with the Republic of Kazakhstan, the Republic of Bashkortostan as well as Sverdlovsk and Orenburg and Kurgan regions;
- is situated on the cross of highways that connect the North and South, West and East (Transsiberian highway; federal highways such as M5, M36, M51; there are 2 international air terminals in the region as well).
Chelyabinsk region is a monopolist in Russia as to mining and reprocessing the raw resources such as
Graphite (95%)
Magnesite (95%)
Talc (70%)
Metallurgical dolomite (71%)

There are more than 300 deposits such as
Iron and zinc and copper ores, gold, refractory raw materials, talc, graphite, quartz, caolin, barite, phosphorite and some others

Iron ore
There are 23 deposits of 920 million tons

Copper and Sulfur ores
11 deposits of 120 million tons

Gold
4 ore deposits and 41 gravel deposits
CHELYABI NSK REGION

more than 3000 lakes

Kisegach lake

more than 450 curiosities and monuments of archeology, history and culture and unique natural scenic

over 450 curiosities and monuments of archeology, history and culture and unique natural scenic

«Arkaim» Museum

Ilmen natural reserve

about 20 mountain-skiing centres

Ziuratkul lake

more than 200 territories and zones special protected and guarded

Turgoyak lake

Rapids

Uvildy lake

«Taganay» national park

Chebarkul lake
The regional long-term credit rating is Aa1.ru
The regional short-term rating is RUS-1

Chelyabinsk region ranks among the Russian regions

11th as to the gross regional product
4th as to the factory shipments volume in processing industry branches
7th as to direct foreign investments
9th as to civil construction as well as agriculture production volume

All goods, products and services output in the Chelyabinsk region economy
(Billion US dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (Billion US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>24,0</td>
</tr>
<tr>
<td>2005</td>
<td>29,1</td>
</tr>
<tr>
<td>2006</td>
<td>37,6</td>
</tr>
<tr>
<td>2007</td>
<td>47,6</td>
</tr>
</tbody>
</table>
Chelyabinsk Region
Foreign Trade Turnover

In million US dollars

- Import
- Export

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>first half-year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>887</td>
<td>2580</td>
<td>4200</td>
<td>4760</td>
<td>5107</td>
<td>1769</td>
</tr>
<tr>
<td>2004</td>
<td>3467</td>
<td>1610</td>
<td>1520</td>
<td>1623</td>
<td>6730</td>
<td>4245</td>
</tr>
<tr>
<td>2005</td>
<td>5810</td>
<td>6280</td>
<td>5800</td>
<td>6730</td>
<td>9419</td>
<td>1000</td>
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<tr>
<td>2006</td>
<td>6734</td>
<td>6730</td>
<td>6730</td>
<td>6730</td>
<td>6730</td>
<td>1000</td>
</tr>
<tr>
<td>2007</td>
<td>2686</td>
<td>6734</td>
<td>6734</td>
<td>6734</td>
<td>6734</td>
<td>1000</td>
</tr>
<tr>
<td>first half-year 2008</td>
<td>6014</td>
<td>2686</td>
<td>2686</td>
<td>2686</td>
<td>2686</td>
<td>1000</td>
</tr>
</tbody>
</table>
The Chelyabinsk region trade operations with Japan
(in million US dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign Trade Turnover</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>12,88</td>
<td>1,19</td>
<td>-</td>
</tr>
<tr>
<td>2004</td>
<td>40,34</td>
<td>39,88</td>
<td>0,46</td>
</tr>
<tr>
<td>2005</td>
<td>52,87</td>
<td>51,36</td>
<td>1,51</td>
</tr>
<tr>
<td>2006</td>
<td>52,37</td>
<td>51,36</td>
<td>1,01</td>
</tr>
<tr>
<td>2007</td>
<td>58,40</td>
<td>51,12</td>
<td>7,28</td>
</tr>
<tr>
<td>First half-year 2008</td>
<td>46,43</td>
<td>40,58</td>
<td>5,85</td>
</tr>
</tbody>
</table>
Trade and economic operations of the Chelyabinsk region with Japan

Export:

- YuUTK «Tarkus» LLC → aluminium
- «Chelyabvtortsvetmet» CJ SC → secondary aluminium
- «Chelyabinsk Electric Integrated Iron and Steel Works» OJ SC → ferrosicilicon, ferrochromium
- MPK «Gefest» LLC → secondary aluminium
- Yuzhnouralsk«Kristall» Plant OJ SC → piezoelectric crystals
- «Kyshtym Ore-Concentrating Works» OJ SC → quartz sand
- «Chelyabinsk Zink Plant » OJ SC → metallic indium
### CHELYABINSK NSK REGION

#### Trade and economic operations of the Chelyabinsk region with Japan Import

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry/Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>«Chelyabinsk Iron and Steel Integrated Works OJ SC Sheet Corrosion»</td>
<td>Sheet corrosion-resistant steel</td>
</tr>
<tr>
<td>«Chelyabinsk Pipe-Rolling Plant» OJ SC</td>
<td>Instruments</td>
</tr>
<tr>
<td>«Kyshtym Copper Electrolyte Plant» CJ SC</td>
<td>organic compounds</td>
</tr>
<tr>
<td>«Teplopribor express Analiz» LLC</td>
<td>instruments</td>
</tr>
<tr>
<td>«Aphina» CJ SC</td>
<td>equipment</td>
</tr>
</tbody>
</table>
Japan delegations’ visits into the Chelyabinsk region

September – October, 2000 – «The First Festival of Japan Culture in the South Urals» with participation of Keidzi Ide, an advisor of the Japan Embassy in the Russian Federation

June, 2005 – The representative delegation of the industrial and trade companies – members of the Japan Association on Trade with Russia and New Independent Countries (ROTOBO)

June, 2005 – The delegation from the «JETRO» official representation

August – September, 2005 – The trade and economic mission of the representatives from the Kitakyusyu industrial enterprises and business circles

March, 2006 – The «ROTOBO» working group visit within the framework of the «Project On Consulting Assistance to Russian enterprises»
The Stages of Cooperation between the Chelyabinsk region and «ROTOBO» association

<table>
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<tr>
<th>Stage</th>
<th>Description</th>
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<td>1st stage</td>
<td>Cooperation with the 10 regional industrial enterprises within the framework of the Project on Consulting Assistance («Teplopribor» OJ SC and «Dova Technos» signed the contract to jointly output and sell measuring instruments)</td>
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<tr>
<td>3d stage</td>
<td>Signing «Memorandum On Cooperation» between the Economic Development Ministry of the Chelyabinsk region and «ROTOBO» association in respect of realizing the Russian and Japan Ecological Project on Ecological Situation Improvement in the Chelyabinsk region (June, 2007)</td>
</tr>
</tbody>
</table>
The slag-heaps comprise:
- over 2.5 billion cubic metres (6-7 billion tons) of various rock formations;
- 250 million tons of the slag from concentrating and metallurgical processes;
- more than 100 million tons of slag and ashes from energy-generating industries

«Chelyabgiprometz» OJ SC and «NMD» corporation signed:
- Memorandum on Cooperation in realizing the project to reprocess slag from Ferrous metallurgy (March, 2007);
- License agreement on transferring technologies to reprocess steel slag (June, 2007)

According to the agreements realization, the following results are presumed:
- Enterprises slag-heaps accumulated for years will be utilized;
- The slag will be divided into mineral and metallic parts (magnetic, submagnetic and non-magnetic ones);
- The extracted metal quantity will be more than 90%
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### Federal Ecological Target Programs:

- «To Overcome The Consequences of Breakdowns Radiation Damage over the period till 2010»;
- «To Maintain Nuclear Safety of the Chelyabinsk region over 2008 as well as till 2015» and some other

### Regional Ecological Target Programs

- «Nature-Preserving Arrangements to Improve Ecological Situation in the Chelyabinsk Region
  - over 1997 - 2000»
  - over 2001- 2005;
  - over 2006 - 2010.
- «To overcome the Consequences from Radioactive Breakdown in the Industrial Association
  «Mayak» over 2003 - 2005
  - over 2006 - 2010 and other

### Industrial Enterprises Ecological Programs

These programs are realized by «MMK» OJSC, «ChEMK» OJSC, «Karabashmed» CJSC, «LAFARGE» OJSC, Troitsk Hydroelectric power station and some other

### Fauna and Flora Preservation (including maintaining and developing more than 200 special protected regional territories)
Main Results:

- Ejections into atmosphere are reduced by 2.4 times since 1990
- Industrial and domestic sewerage level is reduced by 13% since 2002
- The quantity of the enterprises having waste, ejections and sewerage higher than the standards established is reduced (from 42 units in 2002 to 12 units in 2008). Towards 2010 Practically all the regional enterprises will be in conformity with the ecological standards except two of the them
- The investments to protect the regional environment are growing (as much as 3.3 times since 200). In 2007 the total investment volume was 2.4 billion roubles
The Working Group Activity to Improve the Ecological Situation in the Chelyabinsk Region (in respect of re-processing solid domestic waste and establishing alternative productions)

The working group was established by the Chelyabinsk region Governor through issuing the decree # 237-p dated 4 March 2008

March, 2008 - The first sitting of the working group (Chelyabinsk)

May, 2008 - The second sitting of the working group (Chelyabinsk)

June, 2008 - Rendering overall information in respect of the up-to-date Japan technologies to the official representatives from the Chelyabinsk region

August, 2008 - The third sitting of the working group (Chelyabinsk)

Till the end of 2008 - Two visits of the Chelyabinsk region technicians into Japan
Thank You for Your Attention!
The Chelyabinsk Region Foreign Trade Turnover as to Countries (%)

- Kazakhstan: 22.64%
- Poland: 2.01%
- Other: 28.02%
- Japan: 0.78%
- Germany: 2.06%
- China: 2.50%
- Ukraine: 6.77%
- India: 2.56%
- USA: 3.79%
- Iran: 6.32%
- Netherlands: 7.16%
- Turkey: 9.30%
- The Netherlands: 7.16%
- Italy: 6.03%
- Turkey: 9.30%