Khabarovsky Krai Government

Khabarovsky Krai
Business Climate and Long-term Development Trends

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Location of Khabarovsky Krai
Khabarovsky Krai
Mineral Resources

**Deposit Areas**
- Brown coal
- Perspective oil and gas fields
- Coal
- Brown coal
- Gas

**Metal Ores**
- Fe: Iron ores
- Mn: Manganese ores
- Al: Alunites
- Sn: Tin and tin-polymetallic ores
- Hg: Mercury ores
- Au: Gold and gold-silver ores
- Pt: Platinum

**Nonmetallic Minerals**
- Apatite
- Phosphorite
- Cement raw materials
- Limes
- Basalt
- Mineral water resources
Khabarovsky Krai - structure of industrial production in 2008

- Mineral extraction: 15.2%
- Machine building and metal processing: 17.3%
- Metallurgical production: 17.6%
- Petroleum products manufacture: 8.9%
- Food products: 11.5%
- Generation and distribution of electric energy, gas and water: 20.7%
- Other: 8.8%
Far Eastern regions *investment potential* ranking according to Investment Rating for Russia`s Regions in 2007-2008 (issued by «Expert RA» rating agency)

19th rank – Republic of Sakha (Yakutia)
21st rank – Primorsky Krai
28th rank – Khabarovskiy Krai
53rd rank – Sakhalinskaya Oblast
56th rank – Amurskaya Oblast
67th rank – Kamchatsky Krai
70th rank – Chukotsky Autonomous Okrug
73rd rank – Magadanskaya Oblast
80th rank – Jewish Autonomous Oblast
Overseas investments inflow in Khabarovsky Krai (mln US$)

- 2002: 33,3
- 2003: 27,4
- 2004: 96,2
- 2005: 245,5
- 2006: 217,6
- 2007: 248,8
- 2008: 240,2
De-Kastri Oil Export Terminal, Sakhalin-1 Project
Overseas investments inflow in Khabarovsky Krai, breakdown by regions (mln US$)

- EU countries
- South and North-East Asia countries

<table>
<thead>
<tr>
<th>Year</th>
<th>EU countries</th>
<th>South and North-East Asia countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>16.7</td>
<td>14.0</td>
</tr>
<tr>
<td>2003</td>
<td>14.0</td>
<td>12.6</td>
</tr>
<tr>
<td>2004</td>
<td>16.6</td>
<td>14.0</td>
</tr>
<tr>
<td>2005</td>
<td>20.2</td>
<td>13.1</td>
</tr>
<tr>
<td>2006</td>
<td>13.1</td>
<td>8.5</td>
</tr>
<tr>
<td>2007</td>
<td>159.0</td>
<td>55.4</td>
</tr>
<tr>
<td>2008</td>
<td>127.2</td>
<td></td>
</tr>
</tbody>
</table>
Japanese investments inflow in Khabarovsky Krai (mln US$)

- 2002: 2.2
- 2003: 1.8
- 2004: 3.0
- 2005: 3.9
- 2006: 0.06
- 2007: 1.4
- 2008: 1.04
Investment projects with the participation of Japanese capital in Khabarovsky Krai

- Expansion, reconstruction and retrofit of sawmill plant
  «Vanino-Tairiku» Ltd

- Construction of a veneer mill
  JSC «Komsomolsk Forest Products»

- Commercial production of organomineral fertilizers for export sales
  «Biotex Agro» Ltd
Geographic structure of Khabarovsky Krai foreign trade in 2008

- China: 14.3%
- Republic of Korea: 2.6%
- Japan: 2.4%
- Vietnam: 5.7%
- Germany: 14.0%
- USA: 2.8%
- Japan: 15.8%
- Other: 42.4%
Khabarovsky Krai-Japan foreign trade (mln US$)

- **Import**
  - 2002: 57
  - 2003: 78
  - 2004: 88
  - 2005: 116
  - 2006: 136
  - 2007: 157
  - 2008: 180

- **Export**
  - 2002: 141
  - 2003: 169
  - 2004: 269
  - 2005: 258
  - 2006: 395
  - 2007: 426
  - 2008: 292

- **Total turnover**
  - 2002: 198
  - 2003: 247
  - 2004: 357
  - 2005: 374
  - 2006: 531
  - 2007: 583
  - 2008: 472

Business environment

1. Foreign Investment Promotion Agency
2. Direct contacts with investors, Russian overseas trade and diplomatic missions
3. Law «On Investment Activities in Khabarovsky Krai»
4. Governor’s Advisory Board on foreign investments
5. International forums, conferences, overseas business missions in Khabarovsky Krai, presentations of Khabarovsky Krai business opportunities overseas
7. Khabarovsky Krai Government major guidelines on foreign economic policy for the period of 2006-2010
Trend of overseas businesses registration in Khabarovsky Krai
Khabarovsky Krai competitive advantages

- High industrial potential
- Substantial mineral resource potential
- Availability of highly-skilled labor
- Economically favorable location of the region
- Developed transport infrastructure
- Modern means of communication
Diagram of Trans-Siberian Container Land Bridge Service from Europe to Asia Pacific

- Kotka
- St. Petersburg
- Moscow
- Sovetskaya-Gavan
- Khabarovsk
- Vladivostok
- Busan

33 days
18 days
Diagram of new trans-shipment complexes in Vanino - Sovetskaya Gavan transport-industrial hub

- OAO Mechel
- Sakhatrans Ltd
- OAO SUEK
- JSC Transbunker
- JV “Arkaim” Ltd
- Prichal Ltd
- JSC Vanino Commercial Sea Port
- Group of companies Petropavlovsk
A nascent port special economic zone (PSEZ) is located on the eastern shore of the Sovetskaya Gavan Bay and stretches for about 8 km from Vyacheslav cape in the north to Maria cape in the south.

The total area is about 4,5 square kilometers.
Development of the Far Eastern Railways, a branch of JSC “Russian Railways” utilizing public private partnership

Implementation of the project “Upgrade of the Oune-Vysokogornay rail section including the construction a brand new Kuznetsovky tunnel at Komsomolsk-on-Amur – Sovetskaya Gavan railway section”

Implementation of the project “Strategic Program of BAM Development till 2020”
A testing ground for high-speed passenger operations in the Far Eastern Federal District

High speed operations up to 160 km/hour
Khabarovsk airport development project
Guidelines for the motorways development

- «Khabarovsk-Lidoga-Vanino» motorway with access to Komsomolsk-on-Amur
- «Selekhino-Nikolaevsk-on-Amur» motorway
- «Komsomolsk-on-Amur-Beryozovyi-Amgun-Mogdu-Chegdomyn» motorway
- «Ayay-Nelkan-Yugoryonok» motorway
Diagram of a new border-crossing point at Bolshoi Ussuriysky Island

Border-crossing point
Attractive investment opportunities in timber industry

<table>
<thead>
<tr>
<th>Location</th>
<th>Production Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amursk</td>
<td>Rotary-cut veneer production up to 300,000 м³ per annum, lumber production up to 230,000 м³ per annum, MDF board production up to 150,000 м³ per annum (2009-2012)</td>
</tr>
<tr>
<td>Kharpichan</td>
<td>Lumber production up to 200,000 м³ and veneer production up to 190,00 м³ per annum (by 2012)</td>
</tr>
<tr>
<td>Khor</td>
<td>Pulp production facility with the capacity of up to 500,000 tones per annum (2015)</td>
</tr>
<tr>
<td>Oktyabrsky</td>
<td>Particle board production up to 140,000 м³ per annum (2009) and lumber production up to 600,000 м³ per annum (2009-2015)</td>
</tr>
<tr>
<td>Khabarovsk</td>
<td>MDF/THDF board production with the capacity up to 300,000 м³ per annum (2009-2014)</td>
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