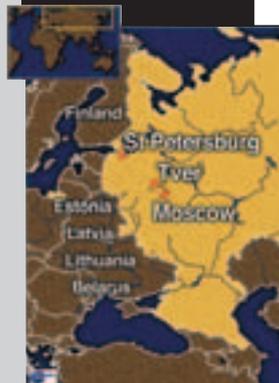


Russian regions Tver



The heart of Russian trade

POPULATION
1.6 million (2005 est.)

TOTAL LAND AREA
84,100 sq km

LOCATION
Central Russia, 90 miles
north of Moscow
EXPORTS
Timber, textiles, steel,
gold, industrial
machinery

TRADE PARTNERS
UK, USA, Germany, China

POPULATION
1.6 million (2005 est.)

FOREIGN TRADE
TURNOVER
£98 million (2005)

CLIMATE
Moderate continental:
warm summers, cold
winters, short spring
and autumn.

GDP
6.3 per cent (real
growth rate, 2005 est.)

At Tver Carriage Building Plant, an industrial craftsman in the cold stamping workshop slices a 16 millimetre-thick metal sheet within seconds. Imported from Germany, the plant's new sophisticated gas-plasma cutter helps churn out next-generation high-speed luxury railway cars for a nation that sprawls eleven time zones. Once a part of the Soviet Union's leviathan military-industrial complex, the factory is now a vital component of Russia's intricate transportation network.

A short drive away from the plant, neoclassical façades line the avenues with a European flair. Commissioned by Catherine the Great after devastating fires in 1763, the Empress took special care to rebuild a city that for centuries challenged Moscow as Russia's most significant trade hub.

Located 150 kilometres from Moscow on the road to St. Petersburg, Tver Region continues to bridge Russia's two biggest economic centres. Proximity to these booming markets has once again established this region of 1.6 million among Russia's most promising for economic growth, investment and trade.

After the Soviet Union disintegrated, investors shied away from Russia's byzantine tax code and miles of red tape. Since then, President Vladimir Putin has helped orchestrate



Dmitry Zelenin
Tver Governor



Andrei Loshakov
Deputy Governor

an economic renaissance. GDP per head has quadrupled in seven years. The Ministry of Economy recently announced that GDP growth topped 6.8 per cent last year. In 2006, an influx of energy revenues helped post a 105 billion (£72 billion) trade surplus, while capital investments gained 13.5 per cent.

The rapidly developing economy has created unprecedented opportunities in Tver Region, one of Russia's 86 administrative areas. "We are improving corporate relations between the state and the business sector," points out Dmitry Zelenin, Governor of Tver Region. With management experience at metals giant Norilsk Nickel and private investment company Interros, Mr Zelenin has ushered in the spirit of business-minded reform sweeping Russia. Bringing business expertise to his political post, Tver Region's economy has expanded higher than the national average during Mr Zelenin's tenure.

Lacking oil and natural gas resources, Mr Zelenin positioned his region at the federal level as a model for attracting diversified industries in the private sector. Micro-credits, consulting services, education and information technology incubators are in place to boost entrepreneurial enterprises. Domestic players including Sistema Telecom, drinks maker Hap-

TVER ENTERPRISE

In good company

In the best Russian kitchens, jars of *varenye* – delicious fruit jams – accompany plates of pancakes piled high. Born in Tver, Ratibor is the largest Russian producer of premium quality jams. Founded a decade ago when the food market was dominated by foreign imports, it was one of the first to offer "made in Russia" products, thus gaining a "very strong com-

petitive advantage," says the General Director, Mikhail Polstyanoi. The company's rise corresponded with the demand for traditional tastes savoured at country houses but missing from shops. Today, Ratibor is a market leader with a 40 per cent share and is one of the most renowned companies in the regional food industry, a key sector that accounts for roughly 20 per cent of Tver's GDP.

What do AvtoVaz, Baltika Breweries and Domodedovo International Airport in Moscow have in

common? Apart from standing out as some of Russia's leading brands, they all rely on DKC for top-quality electrical equipment and accessories. Russia's leading producer of electrotechnical cable systems for buildings, DKC has set the benchmark for the booming construction industry by introducing new technologies and products. ISO 9001 certified since 2005, it aims to "reach about 80 per cent of the Russian market," says Vadim Rybachuk, the General Director of DKC. "and to create a strong, national brand." ●



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pyland, and automobile holding company GAZ Group added to the surge of investments. Russian mobile operator VimpelCom, popular for its Beeline brand, moved its customer service centre to Tver. In total, the region's call centre industry employs 5,000 people.

"Each region has its own competitive advantages and we are demonstrating that Russia has the confidence for foreign investments," says Mr Zelenin. Finnish company Ahlstrom Oyj, a global leader in the manufacture of high-quality fibre materials, will soon start production at its new 38m (£28m) construction materials factory in the town of Redkino. The company's decision to invest in Tver Region reflects the need of foreign companies to establish operations near Moscow. German automobile distributor ATG GmbH plans a 12 million (£8.2m) transport terminal to target the St. Petersburg market, an emerging hub for auto manufacturing. Another important investment was made by German company Globus, who will build a 20m (£13.5m) hypermart in the Kalinin district. Georgia-Pacific's European subsidiary plans a 300m (£204m) factory to produce paper products.

These milestones are possible thanks in part to government support at local level and the creation of a regional investment promotion agency. "When investors come to us we take each case as a personal one," notes Andrei Loshakov, Deputy Governor of Tver Region. "It's a goal and

challenge for us to make every investor happy."

To attract investment, regional leaders quickly recognised the inviolable harmony of good governance and social responsibility. In June, the regional government launched a 3m (£2m) pilot project to improve financial effectiveness of public institutions. The initiative, underwritten by the European Union, is the latest step aimed to streamline the efficiency of public finance vis-à-vis Moscow. A month later, the government of Tver Region inked a cooperation agreement with the Russian Bank for Development to promote social, industrial and financial programmes. Mr Zelenin, who is particularly committed to his region's socioeconomic development, established the Good Beginning Foundation with his wife Alla to support medical and educational initiatives on their home turf.

At the headwaters of the Volga River Tver Region embodies European Russia's heartland – a land dotted with crystalline lakes and golden-domed churches. Lake Seliger, affectionately named "Europe's Baikal," welcomes half a million tourists every year, while UNESCO declared the area surrounding the town of Toropets one of Europe's ecologically cleanest. Mr Zelenin is confident that Tver Region's natural beauty will become Russia's most sought after travel destination. "We are constructing small hotels as well as supporting projects to attract international tourists." ●

Across the region, tourism and recreation projects worth 190 million are underway

PEPELIAEV, GOLTSBLAT & PARTNERS

PG&P helps foreign investors to navigate the Russian legal system

For many potential investors, the expansive Russian market is highly attractive, but it is often viewed as terra incognita. Pepeliaev, Goltsblat & Partners (PG&P) offers legal counsel custom-tailored for foreign investors looking to tap into Russia's ever-growing economy. Regarded as one of Russia's top legal firms, its client-orientated approach has won support from multinationals such as ING Bank, Volkswagen, Gillette and Motorola.

In 1994, the investment landscape was wide, but Russia's nascent commercial legal system was barely functional. "At this time, it was very difficult to find a Russian commercial lawyer that could help foreign investors," reflects Managing Partner Andrei Goltsblat. "They needed local legal knowledge and support, and that is where I came in."

From these humble beginnings, PG&P has



Andrei Goltsblat
Managing Partner,
PG&P

mushroomed into a team of 130 advocates with offices in Moscow and St. Petersburg. Nuances of tax, corporate, and commercial law are part of the firm's competitive and energetic edge. Mergers and acquisitions, corporate structuring, and joint venture operational support form the main activities of PG&P. The firm's 800 clients represent sectors such as real estate, telecoms, and retail across Russia, including Tver Region.

Outside observers often point to Yukos as proof that Russia is fundamentally risky. Sound legal advice from a trusted and local insider, however, minimises potential disputes. "We explain the risks and how to manage them," says Mr Goltsblat. "Many foreign companies have faced risks and difficulties, but they are all still here making a healthy profit. For certain multinationals, Russia is the most profitable part of their business." ●

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