

# Industrial Weekly

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Business Information  
In A Global Context



ПРОМЫШЛЕННЫЙ  
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## Peaceful Atom

### Russia will increase the level of nuclear safety



Russia and the USA have agreed to jointly conduct stress tests at all existing nuclear plants, said the head of Rosatom, Sergey Kirienko, speaking in Washington at the meeting with representatives of the U.S. nuclear industry and the media in the Russian Embassy. According to him, "This engagement will be referred to coordination of requirements applied to nuclear power stations, as well as to mutual participation of experts and professionals in reciprocal reviews". Russia and its partners believe that the nuclear programs can be reliable and safe. For instance, Armenia and Russia do not intend to freeze the project to build a new nuclear plant.

"The lesson of Fukushima is that we must change the logic of the probabilistic approach to the design of nuclear power plants, because even such unlikely events as simultaneous blow of the highest earthquake and the highest tsunami happen" — said the head of Rosatom. According to him, "in these cases, the plant must ensure the safety of the population living in the vicinity of nuclear power stations".

"The main condition for the global nuclear power is absolute openness in providing information and absolute security guarantees for the population at any concourse of natural, human or technological conditions", — Kirienko said. According to him, such countries as the USA and Russia bear a special responsibility, See page 3

## Middle Urals: Possibilities for Cooperation Are Inexhaustible

Alexander Misharin: "Creation of Industrial Sites with the Ready Infrastructure will Ensure Attraction of Investors As Well"



Alexander Misharin, Governor of the Sverdlovsk Region, answered the questions of the Industrial Weekly newspaper within the framework of prepa-

ration for HANNOVER MESSE 2011, where the Sverdlovsk Region planned to present the aspects of its activities, which are the most interesting from the investment and production points of view.

— What makes the Sverdlovsk Region especially attractive from the investment point of view, in your opinion?

— The Sverdlovsk Region has rich traditions in industry and the top-rank scientific school, and has been a foothold for the state at all times. The inscription on our coat of arms justly says "The supporting region of the state". Over the years the Middle Urals have been demonstrating

confident and stable economic growth, and tempos of this growth considerably exceed average Russian indicators in many areas. By the way, the Standart & Poor's rating agency once again confirmed the stable financial situation of the region in 2010, having assigned the BB mark to the Sverdlovsk Region.

The convenient economic and geographic position of the Middle Urals, which has always defined its development, is its most important advantage. We are situated at the crossroads of the main traffic roads connecting the West and the East, and are factually a gateway from Europe to Asia and vice versa.

Naturally, it does not mean than the Middle Urals is just a ter-

ritory, which cargos pass through. Having a vast raw material base (it is customary to say that the whole Mendeleev's table lies under our feet) and the most powerful industrial complex the Sverdlovsk Region has been and remains the largest region exporting raw materials and products. Moreover, we have been supplying more and more products with high added value to the market in the recent years.

Naturally, whatever developed the infrastructure created by us is, it will not strive for the best results without the professional human resources. That is why we see the forming of human capital assets as our most important task.

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## Second PAC FA

The tests are being performed in accordance with the approved program



**The first flight of the second experimental air complex of the fifth generation took place in Komsomolsk-on-Amur. The plane spent 44 minutes in the air and landed on the air-strip of the factory airfield. The flight was performed successfully in full compliance with the flight task.**

According to Sukhoy, the tests within the framework of the PAC FA program are performed in compliance with the

approved program. The scope of the preliminary ground and flight works involving all three experimental models, which were bed-tested for strength, the ground development of the fuel systems and other works have been completed currently.

The first flight of PAC FA took place on January 29, 2010. The quality assurance tests of the of the flight model were completed late in March. On April 8 the first flight model of the battle-plane and a composite ground-based flight stimulator, where the equipment and systems are

developed to ensure the flight test program, were delivered to the flight test base of the experimental design office of Sukhoy in the Moscow-area Zhukovsky. The flights of the plane according to the trial test program were started on April 29 after the completion of the required scope of the trial tests on the system and unit test-beds, including the static-type tests for strength, the ground development of the test bed plane and the flight model. 36 flights were made on the flight model to ensure the flight test program.

## New Workshop Is Put into Operation

### Development of the Program of SaM146 Engine

Natalya Agapova, Rybinsk

**A new specialized workshop has been put into operation in Saturn R&D OJSC within the framework of development of the batch production of SaM146 engine. The rotor blades and sectors of the nozzle diagram of the low pressure turbine of SaM146 engine will be processed there. The captive manufacture and the working process organization with due consideration of the "lean production" principles will allow making the product release more exact and effective.**

The new workshop No 34 producing components for the low pressure turbine of SaM146 engine is located next to VolgAero, the joint Russian-French venture (Saturn R&D and Snecma), in the building reconstructed using cutting edge technologies. The total area of the building is 7.3 thousand square meters.

The work process in the workshop is organized with due consideration of the efficient production program requirements, and the processing of components is based on the captive technologic manufacture principle. The design of the workshop has been checked for the production effectiveness in the specialized organization. The location of the equipment by the types of processing according to the fixed-route technologic processes reduces the inter- and intrashop freight traffic, ensures the shortest ways for the components and units to pass through all

stages of the production cycle and makes it possible to increase the equipment load ratio. While the interior and exterior of the process building was being finished, its directors underwent training in the fundamentals of lean production. The workshop area is divided into four production areas: the blade processing area, the area of the nozzle diagram sectors, the special process area and the shaft processing area. The main areas of blade processing and nozzle diagram sectors will be allotted for the mechanical processing of components with the application of the five-axis grinding machines for the down-hole grinding and electro-sparking equipment.

All the best, which was created in the area of the down-hole grinding, was used in the workshop 34 to set up the lines producing blades and nozzle clusters for SaM146. It is planned to purchase five-axis profile-grinding machines SXC-512 with the instrument changer and introduction of an additional controlled axis in the diamond roll dressing system to expand the production capabilities of the blade production sectors in the workshop 34. The electro-sparking equipment of the workshop 34 makes it possible to perform the highly effective processing of different components made of hard-processing materials, and also provides for high accuracy and best indicators of roughness and the altered layer. The workshop 34 embraces technologies, which make it possible to produce components for the batch production of SaM146 engine in a quality and efficient manner in the amount of 150 sets per year.

## The Bolshoi Theater in 3D

### Information Modeling Technologies

**The State Academic Bolshoi Theater of Russia has acquired a number of licenses for the software products of Autodesk, world leader in the area of solutions for 3D-design, projecting and creation of virtual reality. The technical team experts of the theater plan to use Revit Architecture, 3ds Max and AutoCAD for the virtual modeling of plays.**

"The repertoire of the Bolshoi Theater includes several tens of different plays, and the scene designers and technologists present a full-fledged model made in scale with a selection of textures in the required palette to the arts council for each play at the stage of creation. However, the pictorial presentation of the future play cannot reflect its life in full: its development or the intention of the state director, — tells Elena Drevaleva, chief expert in the state lighting technology of the Bolshoi Theater, — that is why we need to model all ideas of the creative team in 3D".

To achieve this goal the theater has acquired licenses for Autodesk Revit Architecture, which is a key product of Autodesk for the information modeling, and also Autodesk 3ds Max and AutoCAD. The product was delivered and introduced by the Russian Industrial Company,

Gold-partner of Autodesk. The specialists of the Bolshoi Theater plan to complete training in the work with these tools, and to create a computer department, which will closely cooperate with the creative team in the course of staging, in prospect.

"We are happy that one of the top theaters of the world has chosen our solutions to work on its plays. It is a rather unique but very correct use of our tools of 3D-modeling, — says Anastasia Morozova, Marketing Director of Autodesk in Russia and CIS, — we will watch this project with pleasure and attend the first plays in the Bolshoi Theater created using the information modeling technology, with double pleasure".

#### IN BRIEF

Autodesk, Inc is a world leader in the area of solutions for 3D design, projecting and creation of virtual reality. The clients in the field of mechanic engineering, architecture, construction, and also animation and graphics including 15 last Oscar winners in the "best visual effects" nomination use the Autodesk software so as to be able to design, model and visualize their ideas. Starting from the release of AutoCAD in 1982 the company keeps on developing the widest spectrum of the innovation programs for global markets.

## Freight Capabilities

In Container Trucks from France to Saint Petersburg



**The UBIFRANCE trade mission of the French Embassy in Russia held a press conference in Saint Petersburg in view of the opening of a weekly trade communication between Dunkirk and Saint Petersburg.**

Known for its significance with regard to transportation of large volumes of industrial freights for industrial facilities, the Dunkirk port stands out in other segments as well includ-

ing transportations through La Manche to Great Britain, and the transportation of containers and fruits. It is the third port of France and the seventh port of Northern Europe (from Le Havre to Hamburg). Dunkirk is also the first French port in the import of ore, coal and fruits in containers, and the second French port in the trade deals with Great Britain.

Located not far from Lille and in the center of the Brussels-London-Paris triangle, Dunkirk is a perfect plat-

form for the goods delivery to Europe. Situated in the Nor-Pa-de-Calais channel just within a hour-and-a-half drive from the most busy sea route in the world counting maximum 90000 crossings a year, the Dunkirk port has excellent access ways and a spacious territory — 7000 ha, of which 3000 ha are still vacant.

All kinds of transport are present in this port district. This place is also the first "railway station" of France in the transportation of freights (52% of transportations account for railway transport in Dunkirk and 11% account for railway freight transportations of France). The North-East transport artery is connected to the West by means of the railway, which is electrified throughout its length and makes it possible to deliver heavy freight trains, especially to the East of France. Autobahns connect Dunkirk with Normandy, Lille and the Paris region and open a direct and traction-free access to the European network of autobahns. The channel through the Mardyck flood-gate functioning 24 hours per diem, provides for an inland traffic for vessels of 1350 tons towards Nor-Pa-de-Calais.



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# Translation into Russian art

Veniamin Bakalinskiy, general manager Translation agency iTrex, answers questions of the Industrial weekly



— *Is it important, to take into account historical specificities of the Russian language during translations into Russian?*

— It depends on what is being translated and the aims of such translation. For instance, for business translations, as a rule, it's more important to be aware of the modern features of the Russian language.

— *What are the most common mistakes made by the foreigners who try to translate their promo, news material and presentations into Russian all by themselves?*

— The most popular mistake in translations of promo materials and presentations is, for sure, disregard of the modern everyday language, which is specific for the object language. These texts should be simple and absolutely clear to the target audience.

Besides, in order to save money or time, foreigners, as well as Russian companies, do not require the services of Russian native speakers, instead they employ their fellow citizens who know

Russian. Of course, their levels of knowledge are quite different.

— *What is the secret of the famous Russian translation school, especially known for literary translations? How these traditions are used in technical and business translations?*

— I suppose, the secret lies in translators' aim and skill to catch the idea of the source text properly and also in their ability to do their best in making the text sound Russian and making it sound as natural as possible. Our translators use this approach, they combine the fidelity of translation with the language harmonization, in business translations as well. Occasionally, even in technical texts some parts that are specific only for Russia may occur. They should be translated as natural and clear as the translation of a standard contract.

— *What kinds of translations are usually ordered when it comes to dealing with Russia?*

— We receive quite a large number of requests to translate specialized texts. They relate to different business spheres, from the very common themes to highly specialized subjects. Of course, the most often ones are legal translation requests, such as contracts, founding documents, etc. We regularly get reports on investment projects and consulting services. We also have a lot of marketing texts, such as descriptions and manuals for the imported goods.

— *How vast is your company experience in cooperation with large foreign firms (including simultaneous interpretations, in particular)?*

— Usually, foreign companies do not order interpretations, but their local partners do. Our translators regularly work during negotiations of the foreign firms and at different presentations organized upon the requests of these companies. But more often foreign companies need written translations.

Our largest experience in interpretations for the foreign companies is associated with the Italian-Russian Business Forum which took place in 2009. More than 300 of our translators worked there together (both consecutive and simultaneous ones).

**THE MOST POPULAR MISTAKE IN TRANSLATIONS OF PROMO MATERIALS AND PRESENTATIONS IS, FOR SURE, DISREGARD OF THE MODERN EVERYDAY LANGUAGE, WHICH IS SPECIFIC FOR THE OBJECT LANGUAGE.**

— *What are specific problems concerning translations into Russian? How the appropriateness of these translations can be evaluated?*

— Each translator faces the main problem — the process of carrying out translations in such a way that one cannot determine it was translated in fact. The 90's saw a very important crisis in the sphere of translations. It led to an increasing number of translators and 'pseudo'-translators on the one hand, and to

a significant cheapening of translation services and to the total decrease of the translation quality on the other hand. Unfortunately, absolutely horrible translations are common nowadays. Translation is good if one cannot tell it's not the source text, while reading it.

When it comes to the analysis of translations, the most simple and necessary parts to check are as follows: translation completeness, numbers and proper names. Usually, if the text contains mistakes at this level of examination, the whole translation turns out to be of poor quality.

Though, the proper quality control should be performed by the person who knows both languages: the source and the target ones. He should also understand a particular subject and be not a related party.

Ideally, he should be a native speaker — of Russian in this case — then he is able to evaluate not only translation accuracy, but also stylistics and naturalness of the text. Moreover, preferably, he should be a native speaker living in Russia, and not the one who left Russia long ago. The language undergoes constant changes and those who leave their country, lose a contact with their language.

Of course, there is not much point in passing the

translation from one agency to another one in order to check it. Almost any translation may be edited in such a way that it will actually remain good but will look quite different.

— *Concerning ex-USSR Republics, to what extent is it important to provide translations into the national languages of these new countries?*

— Today, such translations are of a very high demand. Besides, taking into account their intense longing for independence, typical for the most former USSR countries, translations into their national languages are as important as the ones into Russian, and sometimes even more important. In this particular case, our company has an essential advantage: we have a large database on national translators. Many of them are representatives of the old school. They are bilingual and know both their mother tongue and the Russian language.

— *How one can evaluate the quality of translations into Russian?*

— If you read the text and take it as an authentic one, if the subject of the text is clear to you, if there are no intentionally "alien" words or expressions — then you have a good translation in front of you.

— *Could you give some examples of the most dangerous mistakes in translations? What did (or could) they lead to?*

— Such mistakes are caused by the ignorance of

translators, their lack of knowledge of the realities specific to the country of the source language. Each inaccuracy, particularly in specialized translations, may turn out to be too costly.

We detected quite a large number of dangerous mistakes. Many of them were related to the incorrect translation of the medical reports. As far as these translations may concern surgical services — any mistake can be crucial.

As for the business translations, the most dangerous mistakes are the ones in the contracts. We also singled out plenty of such. In some cases these were particular errors, but sometimes we found deliberate distortions of contract terms which could cost much to one of the parties. Of course, we reported about such facts to the client.

## IN BRIEF

**Translation agency iTrex** — a modern translation agency which specializes on transfers corporate, financial and engineering specifications. More than 2000 translators in 47 countries. Quality assurance and the adjusted system of work allow to give all spectrum of services in language transfers and notarial assurance. Among regular customers iTrex the companies from 27 branches of business, including world brands. Besides traditional translational activity the company supports a number of social and cultural projects in different spheres.

<http://www.itrex.ru>

## Peaceful Atom

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"because these are the countries, which gave birth to a nuclear power". "Our responsibility is not only to provide answers in our own countries, but also to develop responses that will work for the global nuclear power industry as a whole", — stressed the head of Rosatom.

The global nuclear energy is a global market, and security threats are of a global nature, too, he said. Kirienko also said that the important lesson of the accident in Fukushima is a need to accelerate the withdrawal of old-generation nuclear power plants and replace them with new ones.

In addition, Kirienko said that Russia and the USA have begun substantive negotiations on a joint venture to build the U.S. plant to enrich uranium on a Russian technology. "Building a plant is a deeper technological cooperation and it is a long way, which can not be covered within one day, but today we have started to move in this direction", — Kirienko said. He called the event significant for the nuclear industry around the world in the context of the situation in the Japanese nuclear power plant "Fukushima-1" after the tsunami.

"When two countries being among the leaders of the world nuclear market, sign a long term contract in such a situation, it is, in some sense, the answer to the question about what will happen with the development of nuclear energy", — underlined the head of Rosatom. However, he did not speak on the possible



parameters of the future enterprise; the project feasibility study is to be prepared by a working group which will soon be formed.

"The plant's capacity should be such that the project is economically feasible. It depends on the market, and the market today has to be recalculated because of the situation in Japan", — added Kirienko.

He also touched upon the future of nuclear energy. Kirienko said that the requirements for the next generation of

nuclear reactors can be mostly met by the reactors of fast neutrons. "They can have a stable core, run on natural uranium and be used as converters not only for its own spent nuclear fuel, but also for fuel from thermal reactors. Therefore, in Russia we decided that, in speaking of a new technological platform, we rely primarily on fast reactors", — Kirienko said in Washington. According to him, this issue opens up great possibilities for cooperation with the USA. "First of all I

would say about the cooperation on the construction of multipurpose fast reactor. We need to carry out research and, most importantly, a lot of testing. Now we proceed to the construction of such a radically new reactor and have offered to our American colleagues to take part in this project in Russia. We have a great experience in this field, and as far as I know, until 1990 in the USA there had been an operating fast neutron reactor", — said the head of Rosatom.



# Middle Urals: Possibilities for Cooperation Are Inexhaustible

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The important thing here is the fact that the Middle Urals is also a region with a high level of development of the academic, high education institution and branch science: we have one of the top-rank departments of the Russian Academy of Sciences, and a well-developed network of high education institutions. And last year we launched the process of creation of the Federal University of the Urals, one of the largest universities of the country, which is not only an educational center. They pay serious attention to the scientific work there, and also to the practical implementation of developments and commercialization of new technologies, which quite a novelty for us. Thus, the pharmaceutical center, also founded on the basis of the Federal University of the Urals, has become of the first residents of the Skolkovo Innovation Town.

We expect that the large-scale projects, which we are currently implementing in the Sverdlovsk Region, will give an impulse to the further development. Especially, I mean the areas of territorial development, which include the special economic zone of the Titan Valley industrial and production type created in the town of Verkhniaya Salda, and the territorial and branch clusters. The Tagil chemical part founded on the basis of the existing Uralkhimplast enterprise may serve as an example in this case. The chemical park is an analogue of the European parks, a comprehensive industrial park with the centralized service company, expanded production sites (over 100 ha) and a full-featured infrastructure.

Exhibitions are one of the efficient ways to outspread innovations and introduce developments to the market, because the innovation-related exhibitions are a kind of an indicator of condition of the scientific and technical domain. This year the first line of Yekaterinburg EXPO, the most state-of-the-art exhibition complex in Russia, will be delivered. Its total area will reach 200 thousand square meters. The INNOPROM-2011 international exhibition and a forum of industry and innovations will become the first large-scale event, which the complex will host in July.

An important trend is a support of the innovative small and medium enterprises and young innovators full of ambitious ideas. More than 400 analogous innovative projects have been considered over the latest year alone. In the near future we will sign an agreement with Rosnano, which stipulates creation of a center to organize startups in the area of nanotechnologies, in the Middle Urals. 1.7 billion rubles will be invested in this infrastructure — this is, of

course, an important step in the development of this area.

New technologies and innovations are very important, undoubtedly. We have an experience and capacities in nanotechnologies and scientific research. But today it is especially important to settle all issues relating to the development of industry, science and education on the whole-scale basis. And our goal is to fill the structure gap between science, which is the main source of the innovative technologies, and the real sector of economy of the region, which will make it possible to drastically change the situation for the better.

— **What can you say about the guarantees granted to the foreign investors? Are there any legal, institutional, structural or any other specific features in the work with foreign investors, suppliers and partners?**

— First, a committee for modernization and technological development of economics has been set up in the Sverdlovsk Region, and its task is to define the priority projects and solve issues arising in the course of implementation thereof.

Especially, the receipt of a status of a priority investment project of the Sverdlovsk region makes it possible to exclude excessive administration when implementing entrepreneurship activities in the issues of investing, provision of land plots, construction, business registration and licensing of the types of activities. We have the Middle Urals Development Corporation founded last year to deal with the preparation of sites for investors and support of the venture projects. It has given a very good account of itself, by the way. The development of the “common window” system assists to the simplification of the procedure for agreeing upon and receiving of permits. I mean that all the required documents shall be accepted in one place, where we also interact with the administrations of municipal units, governmental authorities and other agencies involved in the process of the permit issue, on behalf of the investor. Additionally, we improve the scheme of the state-and-private partnership; the law on the Participation of the Sverdlovsk Region in the State-and-Private Partnerships is currently under development.

Apart from that we develop such area as transparency. For instance, you can find the cell phone number of the first deputy chairman of the government of the Sverdlovsk Region on the web-site of the regional ministry of economy. The u2020.ru portal (Electronic Sverdlovsk Region), where enterprises interested in cooperation with us may post the information on the projects and request state assistance and services from

the state, is under further development.

In our opinion, the creation of the industrial sites with the ready infrastructure will assist to the attraction of investors as well. The territory of the special economic zone of the industrial and production type in Verkhniaya Salda, which I already mentioned, will be one of the bright examples of such work. Moreover, tax benefits and norms of the free customs zone conditions will apply in the Titan Valley.

We also use measures of the fiscal policy of state support provision. Thus, according to the changes in the Law on the Rate of Tax on the Profit of Organizations for the

Currently we implement the measures aimed at the forming of a new industrial potential, upgrading and innovations. We work on the increase of the share of the high-tech sector, uppermost, at the expense of the growth of share of engineering, science and education, information support and communication, healthcare and appearance if the new high-tech sectors related with the development of nanotechnologies, biotechnologies, pharmacy, systems of artificial intellect, global information networks and integrated high-speed transit systems.

Additionally, the possibilities for investments in the sphere of the hotel business

the Russian companies. For instance, an automatic plant to produce cement by dry method with a production capacity of 1.1 million tons of products a year operates in Sukhoi Log on the industrial site of Sukholozhskcement OJSC, and this plant is first automatic plant in Russia. The main shareholder of the enterprise is a German company Dyckerhoff AG, which is a member of the Italian company BUZZI-Unicem. The investments in the projects reached about 240 million Euros.

The French company Saint-Gobain started to expand its capacities in the Sverdlovsk Region. Apart from the plant producing dry pack mortars the company intends to build a gypsum board plant and a glass plant.

The Boeing American Corporation extensively cooperates with VSMPO-Avisma. The joint enterprise of these companies deals with the mechanic treatment of the titan press-works, also for the airliner Boeing 787 Dreamliner. We implement the largest project called “The Locomotives of the Urals” jointly with Siemens at the Uralian Plant of the Railway Engineering. Currently the enterprise is producing electric freight locomotives of direct current with the collector traction driving unit. In November 2010 the first Russian-German electric freight locomotive with the asynchronous type of the driving unit, which has never been produced in Russia before, was presented. The issue of production of the high-speed railway machinery in the Urals is under consideration.

And it is by no means all projects destined to define the successful development of economics of our region for many years to come.

— **Which way does the region organize its foreign economic activities? Which countries, regions, cities, unions or associations you have the most successful relations with?**

— The Sverdlovsk region ranks third in the number of the official consular and trade foreign representative offices in Russia. There are over 20 diplomatic missions in Yekaterinburg, and the number of countries, which are the commercial partners of the Sverdlovsk Region, exceeds 130. The foreign trade turnover reached \$12.3 billions in 2010, of which export stood \$8.9 billions, and import — \$3.4 billions. These are quite serious indicators, although we still have something to strive for. The Sverdlovsk Region is a large importer of high-tech products: the engineering products account for almost a half of the import volume. The industrially developed countries remain the main partners of the region today. Their share in the total turnover

exceeds 50%. These countries are the main consumers of metals and metal products, as well as engineering and chemical products, which form the basis of the Sverdlovsk region's export to the far-abroad countries. These counties include the USA with the turnover of \$1.8 billions, Turkey (\$929 billions), Germany (\$859 billions), France, People's Republic of China, Italy and some other countries. The CIS countries are our most important partners as well.

By the way, Germany became the first country, which the Sverdlovsk Region being “closed” in the Soviet times, established constructive and mutually beneficial relations with. Overall, the amount of foreign investments in the Sverdlovsk Region for 2010 stood \$1.5 billions.

— **What industrial traditions of the glorious Urals are especially appreciated and developed in the region today?**

— The Urals is considered to be an industrial heart of Russia historically. Factually, the formation of the Russian industry started in the modern Sverdlovsk region, when they started to build first copper and then iron plants in the Urals. The products of the Uralian metallurgists were not inferior to the analogous products from Sweden and Great Britain in their quality as early as the 18th century. And the best traditions of the part are carefully kept and developed at the enterprises of the Urals. Thus, the metallurgic complex of the Sverdlovsk Region is one of the most developed in the country, and products of the Uralian metallurgists are still as good as the world analogs. The whole-scale projects to upgrade plants are being implemented in the region. For instance, last year the cutting edge electric steel-making complex called “The Iron Ozone 32” was put into operation at the new-pipe plant, and thus the so-called “white metallurgy” was launched in the Middle Urals. The projects to upgrade the steel-making equipment have been implemented at the Kamensk-Uralsky Metallurgic Plant and Nizhnetagilsky Metallurgic Complex. The enterprises of the engineering complex “keep the profile” as well. Maximum 70% of general military equipment is produced in the Urals today. The defense industry employees have become ancestors of such world-renowned brands, as the tank T-90, air-defense missile system C-300 and self-propelled artillery equipment MCTA-C. The Sverdlovsk Region is known for its civil products as well: drilling machines of Uralmachzavod, hydro-generators and power transformers and, since recently, freight locomotives, are components of the Sverdlovsk Region's industrial image.



MANY NEW INDUSTRIAL BRANCHES HAVE APPEARED IN THE SVERDLOVSK REGION IN THE RECENT YEARS.

THE WORK ON THE DEVELOPMENT OF THE BREAKTHROUGH TECHNOLOGIES BASED OF THE “ECONOMY OF KNOWLEDGE” AND PRODUCING THE COMPETITIVE PRODUCTS, WHICH MEET THE INTERNATIONAL STANDARDS, IS IN PROGRESS.

Certain Categories of Taxpayers in the Sverdlovsk Region, the profit tax will be reduced from 18% to 13, 5% for the newly created enterprises in the region. We grant donations to the legal entities engaged in the investment and innovative activities to compensate a part of expenses related with the payment of interest on the loans. That is, a whole spectrum of measures is being taken in the Middle Urals in this area.

— **Which branches are the most perspective for investments, in your opinion?**

— Many new industrial branches have appeared in the Sverdlovsk Region in the recent years, and the existing ones are being developed. The work on the development of the breakthrough technologies based of the “economy of knowledge” and producing the competitive products, which meet the international standards, is in progress.

organization, of the average level especially, are not yet exhausted. A number of important events has taken place in Yekaterinburg recently, including the summit-level Russian and German negotiations, the Petersburg Dialogue forum and summits of BRIC and SCO countries. Naturally, it is impossible to hold such events without the creation of the relevant infrastructure, because our guests need to stay somewhere and have meals somewhere, and the transport infrastructure has to be developed. These are the areas, which may and need to be invested into today.

— **Which of the joint projects currently implemented in the region today you would mark as the most successful, perspective and significant?**

— Currently tens of foreign companies successfully operate in the Sverdlovsk Region, and many projects are implemented in cooperation with



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# Learn and Learn

## Schneider Electric and Interregional Distribution Network Company of Ural have Opened a Center

**Schneider Electric CJSV and Interregional Distribution Network Company of Ural OJSC have announced the opening of a joint Training Center. It is lodged in the Training Center of Interregional Distribution Network Company of Ural and consists of three laboratory classrooms and an exhibition hall with a total area of 120 square meters. The Training Center of Schneider Electric — IDNC of Ural will provide professional retraining and advanced training for specialists of IDNC of Ural and other power engineering companies and industrial enterprises of the Uralian region operating electro-technical equipment of Schneider Electric, one of the world leaders in the electric power management area. Also, the center will host scientific and technical conferences and seminars in modern technologies and equipment.**

Jean Louise Stazie, Director General of Schneider Electric CJSV, Valery Rodin, Director General of IDNC of Ural and Pier Filatoff, General Consul of France in Yekaterinburg took place in the festive ceremony of opening the Training Center of Schneider Electric — IDNC of Ural.

“The opening of the Training Center of Schneider Electric — IDNC of Ural became an important step in the implementation of the Schneider Electric strategy to make investments in the training and retraining of the Russian specialists. Today we have implemented an educational project of regional significance together with IDNC of Ural, our old partner, and this project will provide the

Uralian region with highly qualified specialists in near future, — says Jean Louise Stazie, Director General of Schneider Electric CJSV.

“We are happy that the global company in the electric power management area has opened this modern training site based on the Training Center of our company. Last year the



Training Center of IDNC of Ural trained about 5.5 thousand engineering & technical specialists. The new equipment will also help us to improve the quality of education of power engineers and, hence, the quality of management of power grids and power complexes of enterprises”, — marked Valery Rodin, Director General of IDNC of Ural.

The trainings in the Center will include such areas, as relay protection, provision of technical data, dispatcher control of power grids and industrial facilities, and distribution of electric power in the grids of 6-10 kV.

The classes in the center will be given by the teachers if the Training Center of IDNC of Ural, who have received additional training and cer-

upgrade their skills attending the short-term eight, sixteen and twenty four-hour courses in accordance with the catalogue of Schneider Electric CJSV, as well the long-term 72-hour and more extended courses.

### IN BRIEF

**Schneider Electric** is a global expert in the electric power management area. The company subdivisions operate successfully in over 100 countries. Schneider Electric offers integrated energy-efficient solutions for the power engineering and infrastructure, industrial enterprises, civil and residential construction projects as well the data processing centers. Over 110000 employees of the company, which turnover reached 19.6 billion Euros in 2010, work diligently to make the power energy safe, reliable and effective. The company's motto reads like this: Learn the possibilities of your power energy!

Interregional Distribution Network Company of Ural OJSC (is a part of IDNC Holding OJSC) is a unified operating company of the Uralian Region distributing electric power in the Sverdlovsk, Chelyabinsk, Kurgan and Perm regions. IDNC of Ural consists of three branches, Sverdlovenergo, Chelyabenergo and Perenergo, and of two affiliates, Kurganenergo OJSC and Yekaterinburg Power Supply Company OJSC. The total activity area is 514 thousand square kilometers with the population exceeding 12 million people. Over 150 thousand kilometers of cable and air power lines with the voltage varying between 0.4-100 kV, and 36.3 thousand transformer plants with a total rated capacity exceeding 52 thousand MVA are within the area of responsibility of IDNC of Ural. There are about 12 thousand employees in the power supply business in total.

# Engines for the New “Trotter”

## Agreement between GE Aviation and Technoavia: Appearance of Innovation Technologies

Sergey Zverev

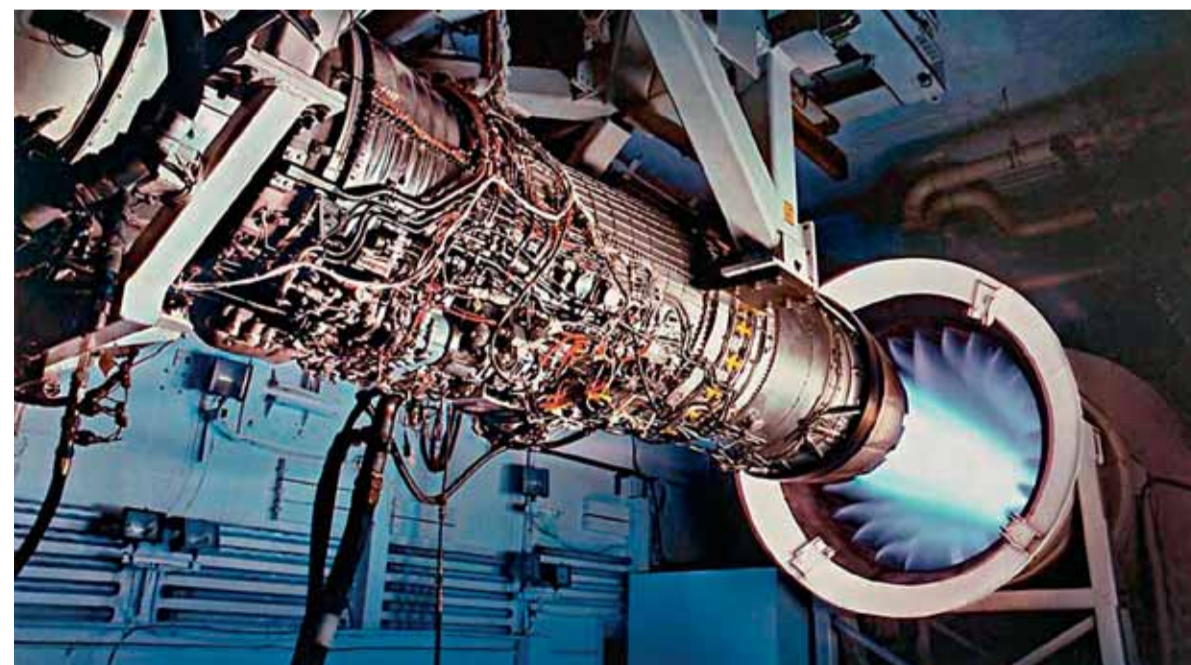
**Technoavia Russian Air Construction Company and GE Aviation signed an agreement on cooperation for 10 years providing for the purchases of engines H80. The new “Trotter” twin-engine ten-seated planes of general purpose will be equipped by the engines purchased within the framework of this agreement. These planes will be primarily delivered to the state flight schools of the civil aviation of Russia. Technoavia has already placed orders for engines for 30 planes within an option for another 20 engines.**

The agreement between Technoavia and GE also provides for cooperation in the area of certification and installation of engines, development of servicing and support of GE products in Russia.

“GE is happy to make such an important agreement with Technoavia: it is a first agreement on sales of H80 engines in the Russian market, — says Paul Teofan, President and Director of Business & General Aviation Turboprops, subdivision of GE Aviation producing turbo-screwed engines for civil aviation, — Currently there are over 250 engines GE M601 being operated and maintained in Russia, and they are adapted to the local conditions. We hope for the further development of partnership with Technoavia.

Technoavia plans to complete certification of the Trotter plane

equipped with GE H80 engines by the end of 2011. The first flight of this plane with engines GE M601 took place in December 2010. The Trotter is a multi-purposed plane of general utilization, which will be used for the freight and local passenger transportations, transport and medical transportations, as an air



taxi and for other purposes. The Trotter plane will be assembled at the aircraft plant in the city of Samara (Russia). The initial planned production volume is maximum 12 planes per year.

The Technoavia LLC scientific and commercial company (Moscow, Russia) specializes in the designing of light airplanes and

upgrading the existing aircrafts. Technoavia was founded in 1992 and has developed and prepared over seven types of planes for production ever since.

Currently over 1600 engines M601 produced by GE Aviation Business & General Aviation Turboprops subdivisions are in oper-

ation. The running time of these engines exceeds 17 million flight hours for 30 various purposes. The flight tests of engine H80 on the Thrush 510G plane are in progress. This engine will be used in the business aviation, aircrafts of general purpose, in the transport and agricultural aviation upon completion of the certification tests. H80 engine

has inherited an elegant and reliable construction of M601 engine and was created using tools of the aerodynamic 3D-designing and cutting edge materials of GE. It is more powerful, energy-efficient and durable as compared to M60; it does not require periodical inspection of the fuel nozzles and hot section.

### IN BRIEF



**GE Aviation**, the operating business subdivision of GE (NYSE: GE), the top world supplier of jet and turbo-screwed engines, components and integrated systems for commercial and military planes, business aviation and aircrafts of general purpose. GE Aviation has a worldwide service network for the support and maintenance of the offered aircrafts.

GE has been operating in Russia since the beginning of the 20th century, when it participated in the State Committee for the Electrification of Russia and supplied the first diesel locomotives and oil-an-gas equipment for the country. Currently all business subdivisions of GE in such areas, as health-care, transport, aviation, power engineering, oil and gas, water treatment, lighting engineering and also finances and media, have their representative offices in Russia. Headquarters of GE in Russia is in Moscow; the company has 2500 employees; sales exceeded \$1.3 billions in 2010.

to choose a single- and double-channel scheme of feeding oil to the cylinder group for H80, which will ensure a vast choice of air screws for the clients.



# IDGC of the North-West.

Olga Makarova: "We have been lucky to find a balance between the interests of the electricity companies and the consumers"



**IDGC of the North-West together with Renaissance Capital held a phone conference for analysts. Thirty-nine companies participated in the conference, including representatives from Goldman Sachs, JP Morgan, Morgan Stanley, BKS, VTB Capital, Renaissance Capital and Uralsib. The subject of the discussion was the conclusion of the tariff campaign. Considering the significance of the subject and its active discussion in investment circles, we asked the deputy general director for economics and finance at IDGC of the North West, Olga Makarova to comment on the results of the tele-conference and talk to us in detail about tariff regulation at the Company for 2011.**

— Olga Vadimovna, what is the main outcome of tariff regulation which is changing for IDGC of the North West in 2011?

— The main outcome is the transfer of IDGC of the North West branches to long term tariff regulation, with the exception of Karelenergo, whose transfer to long term regulation has been delayed for a year by the regional administration.

Branches Vologdaenergo and Pskovenergo have moved to the RAB method from 1 January 2011 with a long term period of five years. Also from January 2011 Novgorodenergo is being regulated using RAB with a long term period of three years. Arkhenergo, Kolenergo and Komienergo have passed on to a long term parameter method with a three-year period. Karelenergo will be regulated according to the economical costs based approach, and in this manner, is included on the list of ten Russian regions that have not moved across to RAB regulation in 2011.

The main financial outcome of the tariff regulation in 2011 is as follows: necessary gross earnings for IDGC of the North West growing to 7 billion rubles (+27%), Company's own gross earnings increasing to 3 billion rubles (+22%), growth of controllable operating costs

— by 1.2 billion rubles (+15%).

— *The regions were given a choice by law between two methods of long term tariff regulation: how do the methods for long term parameters differ from the RAB method, and why haven't all the regions chosen RAB?*

— The RAB method is aimed at implementing large scale investment programs and attracting external sources of capital with the aim of reducing one-off tariff loading. The focus of RAB is on stimulating companies towards non-tariff based financing for investment programs and, accordingly, guaranteeing a return and profit for investors. The method for long term parameters is aimed at increasing the effectiveness of current activities. The regional authorities, made a choice between the two methods of tariff regulation, focusing on their strategic targets: construction of new electricity

for it. I could talk a long time about our meetings with regional leaders, correspondence, and the scale of work done by the Company's branches.

— *I have read the analysts' opinions on the phone-conference; they have said*

investment resources. Of course, we have tried to move onto RAB all together, but even where we have been unsuccessful our efforts have not been wasted, regulators have listened to us. I believe that we have been lucky to find a balance between the

agreement will be taken into account for 2012.

— *Let's talk about the regions which have transferred to RAB. The most relevant question is what is the reevaluation coefficient concerning the base of investment capital?*

for Pskovenergo. The capital share for RAB to the total cost of IDGC of the North West resources reached 52%. I should note that the reevaluation coefficient for the base of investment capital has turned out to be significantly higher than the parameters set by the government of the Russian Federation in the Forecast of Social-Economic Development for 2011–2013 (1.3–1.5).

— *In the future do you intend to transfer all IDGC of the North West branches to RAB?*

— Yes, naturally. At present according to legislation grid organizations turning to long term tariff regulation are obliged to remain within the framework of the chosen method until the conclusion of the long term period; that is three years in the case of IDGC of the North West branches which have changed to long term parameters. However, according to information from the Ministry of Energy, and the Federal Tariff Service of Russia, in the first half of 2011 they intend to alter legislation, enabling a transfer from long term parameters to RAB ahead of schedule, that is, before the expiration of the period for long term regulation.

In this case IDGC of the North West is prepared to continue working for the transfer of branches Arkhenergo, Kolenergo, Komienergo and Karelenergo to RAB. In the near future the Company's management will finish developing a program for the further transition to RAB and from the moment that normative corrections are accepted we will start its implementation. The advan-



grid facilities in accordance with the demand in the region, or focusing on providing the current maintenance of the electricity grid.

— *Did you aim to get all regions onto RAB?*

— We didn't only aim, but worked on this on a daily basis. As part of the tariff campaign all branches within IDGC of the North West in all the regions made applications offering to transfer to the RAB method of regulation. During 2010 together with the regional administration we carried out significant work calculating the tariff solutions, seeking the optimal options that would satisfy the needs for developing the electricity grid and the ability of consumers to pay

*nothing negative in regard to tariff indicators. Would you like to comment?*

— Despite the fact that only three out of seven branch companies have transferred to RAB, work with the regional authorities has not ceased even with the choice of long term tariff parameters. We are trying to achieve good tariff indicators in any situation. For all branches within IDGC of the North-West, the tariff solutions include long term tariff programs to a total sum of 4.6 billion rubles in 2011. Investment has grown 1.6 times. In 2012, it is planned to have a 1.8 growth in investment programs. From 2013 it is intended to further support the volumes of

**ALL BRANCHES WITHIN IDGC OF THE NORTH-WEST, JSC HAVE BECOME INVOLVED IN A NEW RATES SOLUTION FOR 2011, INVESTING A TOTAL SUM OF 4.6 BILLION RUBLES INTO THE INVESTMENT PROGRAM.**

interests of the electricity companies and the consumers.

I will not hide from you that we had disagreements concerning the tariff solution in two regions: Arkhangel'sk and Murmansk regions. The total cost of the disagreements on tariffs in Arkhangel'sk Region amounted to 535 million rubles. A decision has been made to take the matter to the Russian Federal Tariff Service for examination, which is the third year running that they have been involved with Arkhangel'sk Region. The results of the dis-



— In the regions that have transferred to RAB regulations independent evaluation forms the basis for investment capital using iRAB with a reevaluation factor of 1.8 for Vologdaenergo and 2.3

tageous agreement concluded with the administration of the Republic of Karelia for the transition to RAB by Karelenergo from 1 January 2012 has already been achieved.

Maksim Golikov



April 2011

# Oil Refinery Plant is on the Rise

## Oil Refinery in Russia Outstrips Extractions

Alexander Yeremin, analyst of FINAM Investment Company

**Most Russian oil refinery plants demonstrate tempos of growth of the financial indicators, which considerably increase indicators of five top Russian vertically integrated oil companies. Most Russian oil refinery plants can boost cost-effectiveness of business as early as near future owing to the development strategy aimed at the increase of the processing depth.**

Oil refinery volumes keep on growing. In the crisis year 2009 the oil refiners in Russia suffered much more than the oil extractors. However, the growth tempos in the oil refinery segment proved to be higher than in the segment of oil extraction in conditions of the post-crisis recovery of branches in 2010. In 2010 the volume of oil refinery in Russia increased by 5.7% year to year, while the oil extraction volume grew just by 2.4%.

The prices for the oil products in Russia show stable growth. The prices for petrol and diesel fuel kept on grow-

ing stably almost everywhere in Russia within 2010. The growth accelerated considerably in the 4th quarter of 2010, which may be explained by the fact that FAS ceased

In February 2011 prices for many oil products in Russia exceeded the historical maximum limits of the mid 2008.

Such situation revealed itself primarily in the retail

prices tends to go upward being supported by the high world oil prices. The Russian markets of the air and oil fuel were less affected by such optimism.

fuel prices was not that fast. Our forecast regarding the growth of tempo of the average price for the oil products in Russia is the conservative 13% year to year. We

by the state was a certain support to the branch as well. In 2010 the state started to seriously tackle the stimulation of investments into the oil refinery. In 2010 the growth of investments into the oil refinery by most oil companies considerably outstripped the growth of investments into the oil extraction. In 2011-2013 the export duties for the dark and light oils will be gradually equated, wherefrom the more processable oil refinery plants with high output of light oils will benefit.

As to the corporate management of the oil refinery plants, it is approximately on the same level and does not meet international standards. All companies publish quarterly financial statements according to the RAS standards only. None of them have their own investor relations departments, and the relevant departments of the companies controlling the plant shareholders are not inclined to disclose such information on their plants out of context of all their vertically intergraded business. The plants themselves publish the information on their technical and production indicators rather discretely and irregularly.



**IN 2010 THE STATE STARTED TO SERIOUSLY TACKLE THE STIMULATION OF INVESTMENTS INTO THE OIL REFINERY. IN 2010 THE GROWTH OF INVESTMENTS INTO THE OIL REFINERY BY MOST OIL COMPANIES CONSIDERABLY OUTSTRIPPED THE GROWTH OF INVESTMENTS INTO THE OIL EXTRACTION.**

**IN 2011-2013 THE EXPORT DUTIES FOR THE DARK AND LIGHT OILS WILL BE GRADUALLY EQUATED, WHEREFROM THE MORE PROCESSABLE OIL REFINERY PLANTS WITH HIGH OUTPUT OF LIGHT OILS WILL BENEFIT.**

putting pressure on the oil companies, most of which cried quits with FAS and paid the set penalties. In 2010 the prices for petrol grew by 7%, and for diesel fuel — by 20%, and the upward trend persists.

market of the oil products of Russia. Nevertheless, escalations of the historical maximum limits of prices for some types of the oil products were fixed in the wholesale market as well. The dynamics of

The Russian government responded immediately apprehending public disturbances, and the retail fuel prices went down by 5-15%. Nevertheless, the tempo of reduction of the wholesale

expect that the growth of the price for the oil product basket released by the typical oil refinery plant will be the same.

The investment stimulation of the oil refinery plants

## 2011: the Year of Dynamic Development

### “UralVagonZavod” still produces the best tank in the world

**If the main purpose of the research and production corporation “UralVagonZavod” in 2010 was, above all, financial stabilization, then the year 2011 became a year of a rapid development. Today, the company “UralVagonZavod” is at the head of an integrated structure — Research and Production Corporation, which consolidates a number of industrial enterprises, research institutes and design bureaus in five federal districts of Russia. The “UralVagonZavod” corporation is one of the largest machine-building enterprises of Russia, whose arsenal includes the production and development of technologically sophisticated products. The high expertise of the company is most evidently revealed in the production of tanks, which have been fairly recognized as the world's best in their class since the middle of the last century.**

“UralVagonZavod”, OJSC is a Russian research and production corporation that unites businesses, which design and produce military equipment and various modifications of rail freight wagons. The parent company is the factory “UralVagonZavod”, located in the town of Nizhny Tagil, Sverdlovsk region. “UralVagonZavod” is at the head of an integrated structure, combining more than 20 industrial enterprises, research institutes and design bureaus in Russia and Europe.

Oleg Sinenko, CEO of “UralVagonZavod”, believes that the stage of the construction of an integrated structure is completed and there comes the next stage, namely the stage of a real consolidation, aimed at a more confident foothold in the domestic and foreign markets for all types of products — both civilian and defense. The company's success both in the

military and civil fields is very significant: for example, about 20,000 cars were produced in 2010, and this year at least 24,000 cars are planned to produce. A good example of a successful strategic development of the Corporation is the acquisition of the French factory “Sambre et Meuse”.



The whole world knows a proud profile of the tank as a renowned trademark of “UralVagonZavod”. As it is well known from the history, in August 1941 upon the decision of the State Defense Committee the Ural Tank Plant N. 183 named after Comintern was established on the basis of “UralVagonZavod” and 12 evacuated enterprises. Over 2 months the production

line was rebuilt to a military production. Almost every third tank that took part in the battles was produced at the Ural Tank Factory. Over the war years 25,000 combat vehicles were made at the premises of the Ural Tank Factory.

The best known newest development of the plant is T-90 tank “Vladimir”. This is a

In particular, as a night sight set a modern thermographic of the 2nd generation “Essa” with a fully stabilized field of view, integrated with the main gun and the ranging channel was installed; the former cast tower was replaced by a reinforced welded armor with the clearance of 950 mm; the 840-strong engine was replaced by a 1000-strong diesel V-92S2 engine.

Today a new modification of the tank — T-90M is underway. The tank will have a completely new design of the tower, which virtually has no weak and vulnerable zones, and it covers all angles. The panoramic sight is installed. The tank will have a significantly better protection, including frontal, lateral and stern.

The tanks of “UralVagonZavod” have recently gained the virtual space as well through the “World of Tanks”, — a computer online multiplayer game in the genre of a tank simulator of the historic setting of the Second World War, developed by the Belarusian web studio Wargaming.net. As of January 18th, 2011 the number of registered users at the Russian-language game server “World of Tanks” surpassed one million people. This number was achieved only over six months since the launch of a closed beta version in Russia.

The game was marked in the Guinness World Records, having set a new world record in terms of simultaneous stay of most players on the same game MMO server. The record in the nomination of “Most Players Online Simultaneously on One MMO Server” was registered on January 23rd, 2011 and amounted to 91,311 players. The great importance in the “World of Tanks” game is paid to historical accuracy of combat vehicles. It concerns their appearance, realistic armor, and the location of internal and external components and the crew.

modern Russian main battle tank designed in the late 1980's — early 1990's as the modernization of the T-72B. In 2010 there were about 250 tanks T-90 in the Russian Army. Starting with 2000, T-90 tank has been exported.

The new version of T-90 (T-90A, or “Object 188A1”), being put in production in 2004, has been improved in several aspects.



# Secrets of Italian Investments

Nicola Savoretti: "The key role of Club Italy is to help to understand each other"



**The Russian and Italian relations currently face a situation, which is surprisingly advantageous for the serious business initiatives. The Italian business is open for the mutually profitable cooperation like never before, and is ready to make investments and invest technologies into the joint Russian-Italian projects. The Russian industrialists and entrepreneurs can seriously consider such a prosperous chance. All the more that Club Italy, which is aimed at the investment provision and any other assistance to the mutual practically feasible initiatives, operates in Russia. Nicola Savoretti, head of Club Italy and member of the General Council of Delovaya Rossiya (Business Russia) tells about it to Industrial Weekly.**

— Mr. Savoretti, your Club Italy is rather young...

— Club Italy exists only two years, but is already well known primarily among the Italian entrepreneurs. It is not a club as we know it, with membership and other attributes. It is the club in the sense that it helps the Italian producers, who want to export their technologies or know-how as we may call it, to Russia, to attract worthy partners, and vice versa.

— It means that you look for partners? Or technologies?

— In point of fact we work with both... Yes, we look for partners in Italy for the Russian entrepreneurs. For instance, a Russian producer of lamps, tables, or whatever, comes to us and says that he has production and market, but has no worthy up-to-date technologies. And Club Italy finds a partner for him, who is ready to transfer a part of his technologies here.

— For a better understanding: you speak about the sales of technologies or about the investments in the form of technologies?

— It is namely investments. Because simple sales are another story, we are not so interested in it. Let's say: we help to build the long-term business models relying on the Russian and Italian potentials, and deal with the attraction of investments on very good terms. We work with the state Italian funds SIMEST and FINEST through the Ministry of Economic Development of Italy, and these funds have been specially founded to render assistance to the foreign economic initiatives of the Italian entrepreneurs. These funds finance these projects on quite symbolic conditions — for instance, for 8-12 years with a guarantee of 0.5%

per annum with the two-year vacations. But the money is allotted directly to the Italian companies and to the Italian companies only, for their joint projects.

— That is, the state allots funds to help the Italian companies in the foreign markets, does not it? And any Italian company may receive such assistance, right?

— The Italian government relies on these considerations namely. But this assistance may certainly not be rendered to everybody. The Italian entrepreneur must have at least three years of the positive balance, and meet some other requirements.

— How does this scheme work?

— Very simple. The Italian producer comes to me and says, for instance: "Nicola, I want to find a Russian partner to build a factory producing exclusive cocktail tables in any Russian region, be it even Moscow. Please help me". I agree and find a Russian company headed by Mr. Ivanov, for instance. And I tell him: "Mr. Ivanov, do you want to produce exclusive Italian cocktail tables?" He says: "Yes, I have been dreaming about it my whole life, but I have no money". I ask: "And what do you have?" He says: "I have a market and I know where to find workforce, where and who will buy, etc".

Fine! I offer them to sit down to table, and then the Italian gentleman, who produces tables in the fifteenth generation already, and Mr. Ivanov, who have a market, decide, what they need, like professionals. They need land, they need to build a factory on it, find specialists, materials, etc. They make a business plan and define the project budget... And after they have agreed upon all the details, they come to me and say: "Look, Nicola, we are founding a new company, which is called Rosi and Ivanov Constructors. We need ten million Euros".

I take their business plan, specify the details and look whether something important is missing. After that I translate it into the Italian minister language, because this document must be absolutely clear to the specialists of the Italian agencies, it should be made according to their conceptual and sign system, as not everything, which is written in the Italian language, is clear and acceptable on the departmental level. And when I consider the business plan to be ready, we submit it to the relevant ministry together with the Italian company with a view to the possible financing.

— Which branches in Russia are the most attractive for such joint business?

— Naturally, the most activity is observed in the construction of hotels, stores, shoe-rooms, restaurants and unique Italian townships. Many Russian entrepreneurs willing to build such... "small Italies" in their regions track us down. Some want to create a "small Toscana", some want to produce Italian wine and some want something else... For instance, there is a project of creation of such town in the area of Sochi, not far from the Olympic gods.

What else? The cheese-makers from Adygei needing the technology of producing Italian sorts of cheese turned to us, as well as producers of greenhouses and other equipment up to the equipment for

the mushroom growing. There are several request for equipment for sawmills. Genuinely, we receive tens of requests each month. We select the most perspective and get on with them.

— Which companies, Russian or Italian, turn to your more frequently?

— Almost equal number of each. Many Italian producers looking for partners in the Russian market are on the track of us, as well as Russians, who need certain state-of-the-art technologies in this or that production sphere. Of course sometimes we are encountered by people full of illusions and hoping to get money just for some idea. For instance, people come and say: "Invest into us, and we will cover the whole planet with a 15-cm layer of black caviar in six months". There are such people, too.

— You marked that not all Italian companies can hope to take part in the state financing programs. Can you tell a bit more about the main criteria?

— I will repeat: the Italian government wants the Italian company, which asks for money, to have three years of the positive balance. Naturally, everybody understands that the last two years were difficult because of the crisis. So, even if the company does not have a perfect but

acceptable balance, and the company is capable of proving that it will be able to develop better due to the new investments, the money will be provided. Second, our help to the Italian companies in finding adequate and reliable Russian partners is important for the Italian government. It wants them to be "in the know" from the technologic point of view, so to say. As for the producers of planes, they have to be specialists working in this sphere. Or, for instance, if the people have been producing metal construction their whole life, they will of course suit the producers of the glass and metal furniture.

Third, the Italian government requires the contribution of the Russian partners to be a serious business contribution. Not just that "the people know, whom to call". The real bases for business are required. Additionally, the Italian government prefers the Russian party to attract at least 15% of the required investments; the more the better. But 85% of the capital is the maximum defined by the Italians for such foreign projects, though Club Italy may basically help to make it so, that the remaining 15% could be received in the form of credits from the commercial Italian banks. We enter into negotiations with the banks ourselves, and prepare relevant programs and reasons to enable the Italian bank to

issue a credit to the Russian company. Of course, the rate of 0.5% is out if question, nevertheless, we try to agree upon cheaper terms, around the market on the average, but only if we are sure in the project and partners implementing it.

— Which difficulties Club Italy has with regard to the dealing with both Italian and Russian entrepreneurs?

— I can say that we, people of Club Italy, are just translators from the bureaucratic language into the language understood by entrepreneurs, just because entrepreneurs have one way of thinking, and bureaucrats have another. Apart from that we have to translate with due consideration of the national mentality of both countries. Sometimes transactions are not closed just because partners prove to be too far from or too close to each other mentally, and the main role of Club Italy is to help them to understand each other, and, naturally, to make everybody understand the mentality of bureaucrats to prevent refusals. Club Italy has a powerful team of specialists.

— Nicola, you have a perfect command of Russian, how?

— My mother is Russian.

— That is why it is easier for you to understand both?

— Yes, naturally. It helps a lot.




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