The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Industrial Park Unveiled in Tatarstan

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February 14, 2013



Tatarstan President Rustam Minnikhanov

YELABUGA, Tatarstan — Tatarstan President Rustam Minnikhanov unveiled a new industrial park in Russia's most booming special economic zone, which has generated $1 billion in investment since opening.

"The government is taking the first step, and business will follow its lead," Minikhanov said Friday at a groundbreaking ceremony for the Sinergia technological park in the Alabuga economic zone.

Companies investing in the new park will produce automobile components in an area measuring about 19,000 square meters. Deputy Economic Development Minister Oleg Savelyev said that by May, 300 contracts would be signed with Russian and foreign companies.

Though such ceremonies are often perceived as routine, the presence of the charismatic Tatar leader and senior executives of state-owned banks, including Sberbank, demonstrated

the high profile of the event and growing attention to Tatarstan, a republic known for its booming economy and infrastructure sector.

Near the city of Yelabuga, the Alabuga economic zone hosts 33 foreign and local companies, including automaker Ford Sollers, salad producer Belaya Dacha, insulation manufacturer Rockwool and a Tatneft subsidiary that makes fiberglass products.

The Economic Development Ministry, which manages special economic zones, said current residents plan to create 13,000 jobs in Alabuga.

Deputy Economic Development Minister Oleg Savelyev called Alabuga the most advanced among Russia's six special manufacturing zones.

The agency that runs special economic zones said foreign companies have invested 31 billion rubles ($1 billion) since the zone was established in 2005.

The economic zone attracts investors with tax incentives, allowing them to avoid paying taxes on transportation, property and land for 10 years.

The corporate tax is 2 percent for a five-year period for companies investing in the zone. They pay 7 percent over the next five years and 15.5 percent after that, compared with the standard 20 percent rate. The zone also allows companies to import equipment tax-free.

Maxim Vasilyev, head of the Rockwool plant in Alabuga, said the company was satisfied with the conditions created by local officials. Rockwool runs the biggest industrial facility in the zone.

"They haven't broken their word," he told a group of visiting journalists Thursday.

Some analysts have praised Tatarstan's economic performance and argued that Minnikhanov is playing a key role in attracting foreign investors to the country. In 2011, Ernst & Young ranked Tatarstan as the best region for doing business in Russia .

"Some [officials] have been trying to work for their own good, while

we've been trying to serve the interests of the state," Minnikhanov told the Moscow Times when asked about the secret of Tatarstan's presumed economic miracle.

Minnikhanov was nominated president of Tatarstan by President Dmitry Medvedev in 2010 after his predecessor, Mintimer Shaimiyev, left the post after almost two decades in power.

The laid-back, smiling Minnikhanov, an amateur race car driver, appeared relaxed despite being indirectly attacked by Federation Council Speaker Valentina Matviyenko.

"There should be one president in the country. We should measure [regional leaders' performance] by logic, not by their ambitions," Matviyenko said, answering questions at Tatarstan's parliament during a visit to the republic Thursday.

Matviyenko didn't refer to any particular leaders, but Minnikhanov is the only regional leader in Russia who has not dropped the presidential title.

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