ECONOMIC RELATIONS AUSTRIA - RUSSIA

STATUS OF THE RUSSIAN ECONOMY
ADVANTAGE AUSTRIA IN MOSCOW
ADVANTAGE AUSTRIA MOSCOW

- Commercial Counsellor: Rudolf Lukavsky
- 15 employees
- covering Russia, Belarus, Armenia
- Commercial offices in Minsk, Ekaterinburg and St. Petersburg
- Consultants in Yerevan und Novosibirsk
MAIN EVENTS 2018

• Events in Austria
  – Business Forum President Putin in Vienna | 5 June
  – Forum Sanctions Russia/Iran in Vienna | 31 October
  – Business Forum Moscow Region in Vienna | 22 November

• Events in Russia
  – National Stand Interplastica in Moscow | 23-26 January
  – National Stand Prodeexpo in Moscow | 5-9 February
  – National Stand Education and Career in Moscow | 2-4 March
  – Cooperation with Northern Caucasus Food/Agro/Tourism/Energy in Moscow | 29-30 May
  – Suppliers Day Automobile Cluster at GAZ in Nishny Novgorod | 6 June
  – Trade Mission Far East in Chabarowsk/Vladivostok/Kamchatka | 1-7 October
  – Future in Technology Visual Computing and Virtual Reality in Moscow | 15-17 October
  – Trade Mission Vorarlberg in Moscow | 22 - 25 October
  – Trade Mission Nordwestern Russia in St. Petersburg | 7-9 November
  – regular Austrian Business Circles in Moscow and St. Petersburg, Workshops

• Webinar/Seminar Compliance und Anti-Corruption in Moscow | 8 October
MAIN EVENTS 2019

• Events in Austria
  – Business Club CIS in Vienna | 11 March
  – Day of the Russian Regions in Vienna | 25 March
  – Incoming Mission Interalpin in Innsbruck | 8-10 May
  – Forum Russia in Vienna | 3 June
  – Forum Sactions Russland/Iran in Vienna | 31 October

• Events in Russia
  – Austrian Ski Race in Roza Khutor/Sochi | 25-27 January
  – National Stand Interplastica in Moscow | 29 January - 1 February
  – Austria Showcase Agro-Tech in Ufa | 13-14 March
  – National Stand Education and Career in Moscow | 16-17 March
  – Austria Showcase Health Tourism in Moscow | 23-26 May
  – National Stand Austria/Switzerland Waste Tech in Moscow | 4-6 June
  – National Stand Wire Russia in Moscow | 18-20 June
  – Businesss Forum Innoprom in Ekaterinburg | 8-11 July
  – Trade Mission Irkutsk/Ulan Ude/Yakutsk | 22-29 September
  – Suppliers Day Automobile Cluster at Kamaz in Naberezhnye Chelny | 24 September
  – Austria-Russia Business Council in Moscow | autumn tbc
  – Austria Showcase Agro-Tech in Krasnodar | 19-21 November
  – National Stand Woodex in Moscow | 3-6 December
  – regular Austrian Business Circles in Moscow und St. Petersburg, Workshops
ECONOMIC SITUATION IN RUSSIA
BASIC DATA

- Area (sqkm):
  - Russia: 17.075.400
  - Austria: 83.870

- GDP (bn. EUR):
  - Russia: 1.624,9
  - Austria: 456,6

- Population (mil.):
  - Russia: 147,0
  - Austria: 8,8

* 2018 (source EIU)
**KEY ECONOMIC DATA**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2017</th>
<th>2018</th>
<th>2019*</th>
<th>2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP-Growth (real)</td>
<td>+1,5 %</td>
<td>+1,7 %</td>
<td>+1,6 %</td>
<td>+1,6 %</td>
</tr>
<tr>
<td>Exchange Rate (Ø RUB - EUR)</td>
<td>65,94</td>
<td>74,04</td>
<td>75,78</td>
<td>-</td>
</tr>
<tr>
<td>Inflation (average)</td>
<td>+2,5 %</td>
<td>+4,3 %</td>
<td>+4,7 %</td>
<td>+4,0 %</td>
</tr>
<tr>
<td>Imports (in bn. USD)</td>
<td>238</td>
<td>249</td>
<td>261</td>
<td>273</td>
</tr>
<tr>
<td>Capital outflow (in bn. USD)</td>
<td>25,2</td>
<td>32,0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unemployment</td>
<td>5,2 %</td>
<td>4,8 %</td>
<td>5,0 %</td>
<td>5,3 %</td>
</tr>
</tbody>
</table>

* Estimate resp. forecast  
Source: EIU, EZB, CBR, RBI Forecast
TURBULANT RUSSIAN ECONOMY

Russian GDP-Growth (real, 2008-2020)

* Estimate / Forecast

Source: EIU
OIL PRICE - INFLUENCE ON RUSSIAN ECONOMY


Source: EIU, BOFIT, Forecast
RECENT DEVELOPMENT

- Russian Economy since 2014 in turbulences
  - Ukraine-crisis and sanctions
  - drop of oil prices
  - devaluation of the Russian Rouble
  - stagnation of real household income
- continued extension of EU sanctions until 2019
- rise of US-pressure on non-US-persons via CAATSA
SANCTIONS AND THE RUSSIAN ECONOMY
SANCTIONS

EU-sanctions
- personal sanctions (natural and juristic persons)
- regional sanctions (Crimea and Sewastopol)
- sectoral sanctions (oil industry, military and dual-use)
- capital market sanctions

Russian sanctions
- ban of persons entering Russia
- import bans for certain food and agricultural products

US-sanctions
- similar to EU: personal, regional, sectoral, capital market
- extraterritorial principle, „Significant transactions“
- not aligned with EU since 2017 (cyber sanctions, CAATSA)
- potential new sanctions 2019 (DASKA)
SPECIAL DEVELOPMENTS

- import substitution and localisation
- preference for local suppliers for public tenders
- large infrastructure projects (transport, energy etc)
- Nord-Stream 2, Turkish-Stream and „Sila Sibirii“
- orientation towards Asia - chances or threats for Russia?
  - Chinese companies invest in Russia
  - Silk Road opens corridor from China to Europe
  - technology from South Korea, Taiwan, China gains market share
- Special Economic Zones and development of Russian Far East
AUSTRIAN–RUSSIAN ECONOMIC RELATIONS
**FOREIGN TRADE DEVELOPMENT**

- 2012 highest level of bilateral trade EUR 7.28 bn.
- 2013 highest level of Austrian exports EUR 3.48 bn.
- 2013 – 2016 drop of Austrian exports by -46 %
- since 10/2016 turnaround - 2017 exports +16.1 %, imports +12.3 %
- 2018 – exports -3.7%, imports +19.0%
- Russia 17 most important trading partner for Austria

**Foreign Trade Austria-Russia** (2010 – 2018, in bn. EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Import</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.32</td>
<td>2.55</td>
<td>4.86</td>
</tr>
<tr>
<td>2011</td>
<td>2.94</td>
<td>2.94</td>
<td>6.27</td>
</tr>
<tr>
<td>2012</td>
<td>3.19</td>
<td>3.19</td>
<td>6.28</td>
</tr>
<tr>
<td>2013</td>
<td>3.48</td>
<td>3.48</td>
<td>6.66</td>
</tr>
<tr>
<td>2014</td>
<td>2.29</td>
<td>2.29</td>
<td>5.49</td>
</tr>
<tr>
<td>2015</td>
<td>2.44</td>
<td>1.98</td>
<td>4.42</td>
</tr>
<tr>
<td>2016</td>
<td>2.46</td>
<td>1.88</td>
<td>4.34</td>
</tr>
<tr>
<td>2017</td>
<td>2.18</td>
<td>2.10</td>
<td>4.95</td>
</tr>
<tr>
<td>2018</td>
<td>2.10</td>
<td>2.10</td>
<td>5.39</td>
</tr>
</tbody>
</table>

Source: Statistik Austria
FOREIGN TRADE STRUCTURE

- Most important export goods: machines & equipment (incl. electronics, car & train equipment), pharmaceutical products, metal & metal goods, food

- Most important import goods: mineral fuels, metals & metal goods

![Pie chart showing export goods distribution with the following labels:
- 33% Machines & equipment (incl. electronics, car & train equipment)
- 26% Pharmaceutical products
- 21% Others
- 9% Metal and metal goods
- 12% Groceries]

![Pie chart showing import goods distribution with the following labels:
- 83% Mineral fuels
- 9% Metals & metal goods, wood
- 8% Others
- 3% Others]
AUSTRIAN INVESTMENT - 6,2 BN. EUR

St. Petersburg and Region
- Durisol
- Homa
- Magna
- Mayr-Melnhof Holz

Pskow
- Tanngroup
- Palfinger (Velikie Luki)

Novgorod
- Hasslacher

Kaliningrad
- Hipp

Moscow and Region
- Agrana (Serpuchov)
- Backaldrin (Novoe Stupino)
- EVN (Moscow und Ljuberzy)
- Julius Blum (Domodedovo)
- Kronotec Consulting (Egorievsk)
- Murexin (Dubno)

Archangelsk
- Pulp Mill Holding Palfinger

Shuya
- Egger

Nizhniy Novgorod
- Magna
- Collini

Kaluga
- MACO Magna

Samara
- Doppelmayr

Krasnodar
- Constantia Packaging

Lipetsk
- Hawle
- Doka
- Mondi

Agrana (Serpuchov)
- OMNYA

Syktyvkar
- Mondi
- EVN (Moscow und Ljuberzy)

Vladimir
- Greiner Packaging
- Senoplast Klepsch
- Wienerberger (Kiprevo)

Tartastan
- FACC
- Wienerberger Palfinger (Nab. Tchelny)

Saransk
- Knill-Gruppe

Wolgograd
- Benda-Lutz

Ufa
- Lasselsberger
- Knorotec
- Palfinger (Ishimbai)

AUSTRIA IST ÜBERALL
PALFINGER PRODUCES CRANES AND UND CYLINDERS

- total investment of 50 mil. Euro in Russia
- 3 factories in Russis INMASH, BELMASH, SMZ - various types of cranes
- 2 Joint Ventures with Kamaz - cranes and hydraulic cylinders
START OF PRODUCTION OF KORNSPITZ

- backaldrin The Kornspitz Company
- Russian subsidiary ARVALUS factory opening in October 2017 in Stupino (Moscow Region) new production of bakery supplies
DOPPELMAYR IN RUSSIA

- 150 installations in Russia
- 40 ski lifts/cable cars in Sochi - winter sport infrastructure Roza Khutor/Gazprom
- service center and warehouse in Sochi
- JV production of steel structures in Samara
- new projects in Moscow
  - 2 km Cable Liner Airport Sheremeyevo
  - cable car project in exhibition park WDNH
KRONOSPAN PLANS FURTHER INVESTMENTS

- Kronospan world’s biggest wooden board producer
- Investment in Russian regions: Kaluga, Kaliningrad, and Bashkortostan
  - Kaluga: new site for wooden boards
  - Kaliningrad: new chipboard and MDF board production
  - Ufa: extension of existing factory
  - Investment of 600 million Euros in new factories
MAGNA INTERNATIONAL

World class manufacturing for Russia’s automotive industry

Magna is a leading global automotive supplier. The company designs, develops and manufactures automotive systems and modules and also provides its customers services in complete vehicle engineering and contract manufacturing. Since 2009, Magna has successfully launched several production facilities in Russia’s major automotive regions to locally supply all major carmakers. The product range in Russia includes body, chassis, interior, exterior, seating, vision and closure systems as well as modules. Magna keeps delivering new technologies and state-of-the-art production knowledge. All these efforts have enabled Magna to introduce several new products to the Russian automotive industry every year.

COFFEESHOP COMPANY

A new interpretation of Viennese Coffee Culture for the Russian market

The Austrian family enterprise Coffeeshop Company, which is part of the traditional and international Schaefl Group, is represented in 24 countries across five continents. The Coffeeshop Company is inspired by a new interpretation of Viennese Coffee Culture. Russia is among the company’s largest export markets and grows rapidly. 80 Coffeeshops have been established in Russia within the last four years. The expansion was made possible by the strong cooperative relationship between the company’s partners in Russia and its Austrian headquarters.
STRABAG

Ein historisches Antlitz für das neue Hotel Moskau


RAiffeisen BANK INTERNATIONAL

High-class financial services for Russian customers

A subsidiary of Austrian Raiffeisen Bank International, ZAO Raiffeisenbank has been operating in the Russian Federation for almost two decades. With a network of roughly 200 branch offices, it is represented in 49 Russian regions. Its commitment to serve local and international retail and corporate customers has been recognised with numerous awards. In 2013, Raiffeisenbank was named “Best Foreign Bank in Russia” for the third time in a row by the EMEA Finance Magazine. In 2006, Raiffeisenbank acquired 100% of OAO Impexbank’s shares and today ranks among the top 10 banks in Russia.
OUTLOOK FOR AUSTRIAN ACTIVITIES IN RUSSIA

- **strenghts/opportunities**
  - sound macroeconomic key data
  - rising public investment - major infrastructure projects
  - modernization of the industry & agriculture / diversification
  - demand for modern technology

- **weaknesses/threats**
  - preference for local suppliers / protectionistic measures
  - volatile exchange rate
  - stagnation of purchasing power
  - sanctions/import restrictions
We are glad to answer your questions!

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