



TURUN KAUPPAKORKEAKOULU
Turku School of Economics

PAN-EUROPEAN INSTITUTE

Nataliya Blyakha

Russian foreign direct investment in Ukraine

Electronic Publications of Pan-European Institute 7/2009

Russian foreign direct investment in Ukraine

*Nataliya Blyakha*¹

7/2009

**Electronic Publications of
Pan-European Institute**

www.tse.fi/pei

¹ Research assistant, Pan-European Institute, Turku School of Economics.

CONTENTS

1	INTRODUCTION	2
2	RUSSIAN-UKRAINIAN ECONOMIC RELATIONS	3
3	RUSSIAN CAPITAL IN UKRAINE	7
4	LEADING RUSSIAN COMPANIES OPERATING IN UKRAINE	9
4.1	Oil processing industry of Ukraine	9
4.2	Telecommunication sector	16
4.3	Financial sector	19
5	RUSSIAN INVESTMENTS IN RETAIL, CONSTRUCTION AND MANUFACTURING	21
6	CONCLUSIONS	23
	REFERENCES	25

FIGURES

FIGURE 1	UKRAINE'S MAIN EXPORT AND IMPORT PARTNERS IN 2008	3
FIGURE 2	UKRAINE'S FOREIGN TRADE WITH RUSSIA DURING 2004-2008	4
FIGURE 3	RUSSIAN DIRECT INVESTMENTS IN UKRAINE DURING 1995-2008	6
FIGURE 4	RUSSIAN DIRECT INVESTMENTS IN UKRAINE BY INDUSTRY IN 2008	8
FIGURE 5	SHARE OF THE UKRAINIAN OIL-REFINING PLANTS IN TOTAL AMOUNT OF OIL PROCESSED, 2008	13
FIGURE 6	MAJOR MOBILE OPERATORS IN UKRAINE'S TELECOMMUNICATIONS MARKET	16

TABLES

TABLE 1	FDI INFLOW IN UKRAINE BY INVESTING COUNTRIES IN 2008	5
TABLE 2	THE SHARE OF RUSSIAN CAPITAL IN UKRAINIAN INDUSTRIES IN 2007	7
TABLE 3	THE OIL REFINERIES OF UKRAINE, THEIR CAPACITY AND USAGE IN 2002-2006	9
TABLE 4	PRINCIPAL SHAREHOLDERS OF THE UKRAINIAN OIL REFINERIES	10
TABLE 5	MAJOR SHAREHOLDERS OF TNK BP	12
TABLE 6	PRINCIPAL INVESTMENT PROJECTS, IMPLEMENTED AT THE LISICHANSK OIL REFINERY	13
TABLE 7	PRINCIPAL INVESTMENT PROJECTS, IMPLEMENTED AT THE ODESSA OIL REFINERY	14
TABLE 8	CIS AND OFF-SHORE OWNED BANKS, AS OF 30 SEPTEMBER 2008	20

1 Introduction

The economic relations between the Russian Federation and the Ukraine are an important component of growth of the both countries. Russia has always been among main strategic trade partners for Ukraine with high influence on Ukrainian business development. Russian investments in Ukraine play more significant role as it is stated in official sources and Russian companies that operate in Ukraine have become influential political and business actors in Ukraine's economy.

The aim of this paper is to bring out main characteristics of Russian foreign direct investment in Ukraine and focus on industrial and companies' aspect of investments. The analysis of Russian companies that are operating in Ukraine is not an easy task, for several reasons. First and foremost, many Russian firms are unwilling to disclose information about their activities. Sometimes even defining major shareholders or assets of the company is a complex task. A second reason for difficulty is that the topic of outward foreign direct investments from Russia has been so far under-researched by academic community. There have been some research done about Russian TNCs², but they all have been studied on general level and when it comes to specific country or impact of operations, information is very limited.

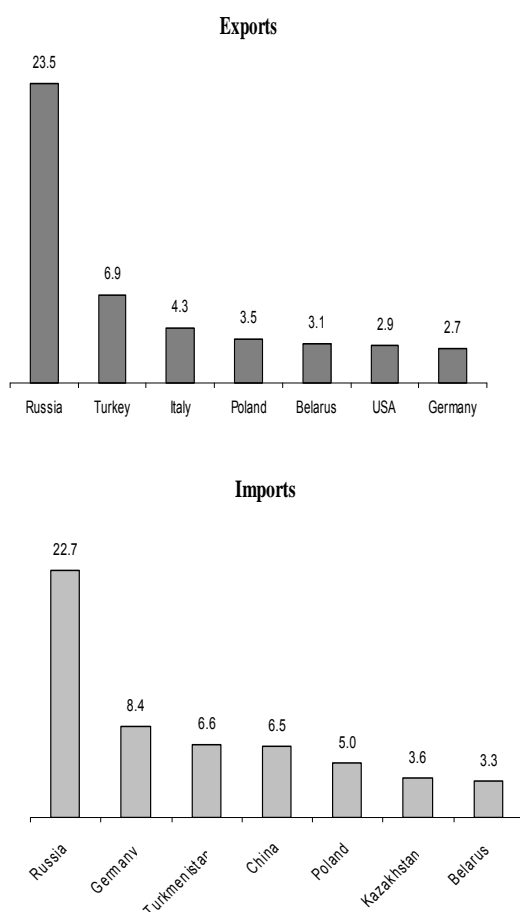
The current paper attempts to provide an overview of Russian foreign direct investments in Ukraine, through discussing the industries where the Russian investments are mostly accumulated. First, an overview of the current trade and the investment climate of Russia-Ukraine relationships is specified. The third chapter describes presence of the Russian financial groups in the main Ukrainian segments. In the following chapters the Russian investments in Ukraine are analyzed through the company cases with an impact on their activities, the structure and objects of their investments.

² The reader is recommended to familiarize themselves with previous reports of the Pan-European Institute (Vahtra 2007; Kuznetsov 2007; Liuhto and Vahtra 2007; Vahtra 2006; Vahtra 2005).

2 Russian-Ukrainian economic relations

As of today the Russian Federation is by far the most important strategic trade partners of the Ukraine (Figure 1). The share of Russia in the total amount of Ukraine's foreign trade is over 20%. Ukraine is the fifth among Russia's largest trading partners, after Germany, the Netherlands, China and Italy. Furthermore Ukraine is Russia's second most significant partner in the CIS after Belarus.

Figure 1 Ukraine's main export and import partners in 2008, %



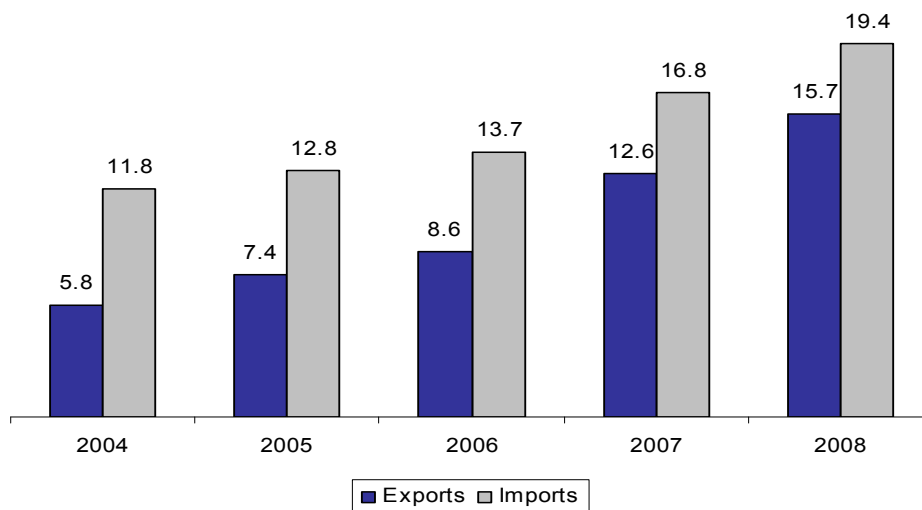
Source: State Statistic Committee of Ukraine

The Russian Federation is the largest market for traditional Ukrainian export goods, namely, agriculture, mechanical engineering, the metallurgy and chemical industries. In turn, Ukraine imports raw materials, gas, oil, mineral oil, nuclear fuel and mechanical engineering production from the Russian Federation. (Crane, Larrabee 2007)

In comparison with 2007, Russia's exports have grown by 24%, to \$3.1 billion in 2008. Import from the Ukraine in 2008 increased by 15%, to \$2.6 million. Ukraine's share in Russia's foreign trade turnover in 2007 was 5.5% and has share in Ukraine's market

was 29%. Since 2002 there has been a steady growth in the volume of Russian-Ukrainian trade and in Russia's share of Ukraine's goods turnover. The Figure 2 illustrates the growth of Ukraine's foreign trade with Russia.

Figure 2 Ukraine's foreign trade with Russia during 2004-2008, \$ bln



Source: State Statistic Committee of Ukraine

The amount of trade circulation between Ukraine and Russia is stable. From among main products that are exported to Russia leading place is occupied by mineral products (47%). In 2007 the value of mineral goods, that were exported, gained \$7.7 billion. The rates of export of cars, equipment and transport vehicles are growing, having increased to 20% from total exports. Mechanic and technical production (36% of all Russian imports from Ukraine) and also metals and metal products (31%) have increased by 58% in the import structure of goods from Ukraine in terms of the volume of deliveries. Deliveries of metals and metal products stably maintain their import share at a level of 13%. (Volkov 2007)

Besides trade partnership, a special place in Russia and Ukraine relations is allotted to investment cooperation. According to the official source of Ukraine's statistic indicators, State Statistics Committee of Ukraine, the investments from Russia in 2008 amounted \$1.851 billion. Russia has 5% share of the total amount of foreign direct investments in Ukraine and occupies sixth place by volume of investments (table 1).

Table 1 FDI inflow in Ukraine by investing countries in 2008, \$ bln

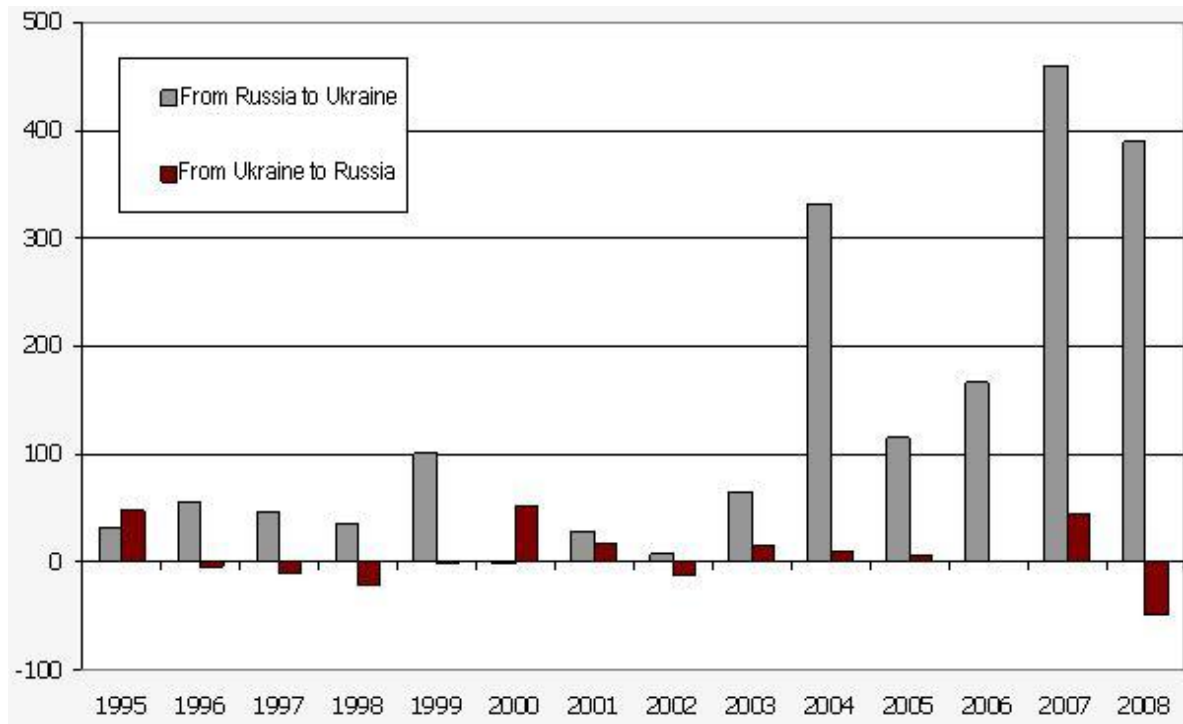
Country	Volume of direct investment	In % to the total
<i>Cyprus</i>	0.8	21.5
<i>Germany</i>	0.6	17.9
<i>The Netherlands</i>	0.3	8.9
<i>Austria</i>	0.2	6.8
<i>United Kingdom</i>	0.2	6.4
<i>Russian Federation</i>	0.2	5.2

Source: State Statistic Committee of Ukraine

One might wonder why Russian Federation is rated only sixth by the size of direct investments in Ukraine's economy, while being the leader in terms of foreign trade. This can be explained by the tendencies of Russian companies to invest in Ukraine through offshore units and investment companies located in Cyprus, the Netherlands and British Virgin Islands. In other words Russians find it easier to invest in Ukraine from offshore zones than from their home country.³ In reality, one may conclude, that the north-eastern neighbor is one of three largest investors of Ukraine.

Additionally, it is important to underline substantial growth of officially registered foreign direct investments from Russia. Figure 3 indicates rapid augmentation of Russian investments in Ukraine during the past several years. Furthermore, for the period of 2008, investment that came from Russian Federation increased by 27% as well as additional 2131 enterprises from Russia were investing in Ukraine. Intensification of the Russian investments is entailed not only by the absolute growth but also might be caused by relative growth, as the investments increasingly started to inflow legally. (Kovalenko 2009)

³ For more detailed information see earlier reports of the Pan-European Institute that have dealt with Russian investments (Vahtra 2005; Vahtra 2007).

Figure 3 Russian direct investments in Ukraine during 1995-2008, \$ mln

Source: Institute of Research of Russia

There are several factors that attract Russian investments in Ukraine. First of all, when Russian companies decide to come to Ukraine's market, they do not need to spend time and money on monitoring the economic infrastructure. There are many similarities between Ukraine's and Russian markets as well as no language and cultural barriers. Moreover, traditional contacts that have been made during common history already have led to existing investments. Second, Russian investors are less sensitive to many of the risks, connected with Ukraine's economic and political instability, and also well familiarized with the ways of overcoming them. Finally, Russian economy has the prevalence of the raw material industries, that is why Russian companies continue their expansion to Ukraine to simplify the excess to EU market or to restore value chains that were damaged due to Soviet Union collapse.

3 Russian capital in Ukraine

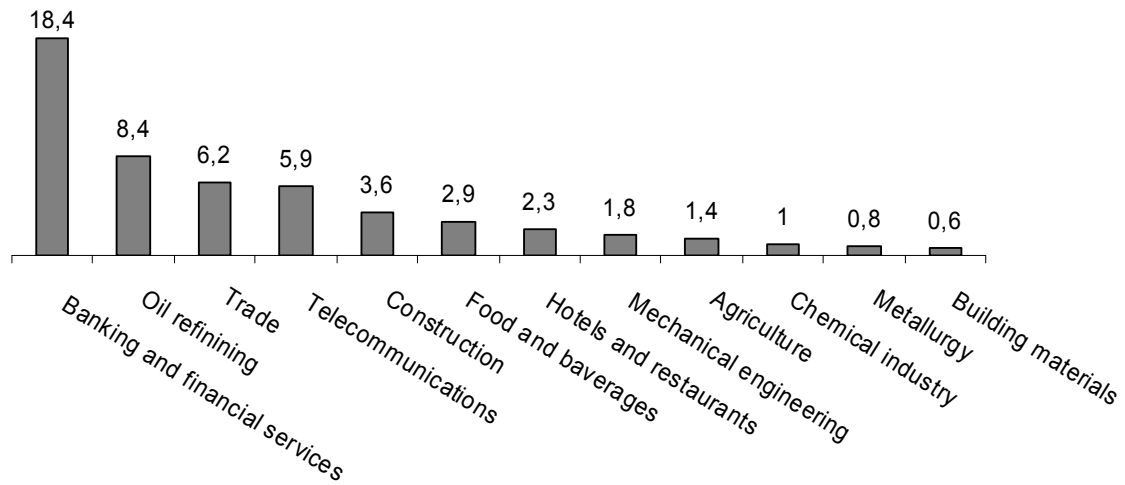
The Russian capital in Ukraine is mainly operating through financial groups and is accumulated in those sectors of Ukraine's economy, which significantly affect the industrial growth of Ukraine, the income to the budget and the social situation in the regions. Russian financial groups have powerful financial and industrial resources (banks, manufacturing enterprises and industrial complexes), means of mass media and political support. Moreover, Russian financial groups are very influential political and business players in Ukraine and have become a significant factor in Ukrainian economy (Volovuch 2006). Russian capital is dominant in the industries such as oil refinery, telecommunication, and aluminum production in which Russian companies are among the world leaders. Table 2 provides information about Russian capital presence in major Ukrainian industries.

Table 2 The share of Russian capital in Ukrainian industries in 2007

Industry	Russian capital, %	Companies operating
Oil refining	90,0	Lukoil TNK BP Tatneft
Gas	20,0	Gazprom
Metallurgy	66,7	Evrast Group Smart group
Non-ferrous metallurgy	20,0	
Aluminum	90,0	RUSAL
Mechanical Engineering	33,0	Smart group RUSAL
Telecommunications	38,5	Alfa group AFK System
Banking	7,0	Alfa Bank
Electricity	36,0	Renova Luzhniki Energy standard

Source: Kontrakty

Figure 4 indicate percentage of Russian direct investments in Ukrainian industries. As it is shown in the figure major sectors of Ukraine's economy that have attracted Russian investors have been financial sector, oil refining, trade and telecommunications.

Figure 4 Russian direct investments in Ukraine by industry in 2008, %

Source: State Statistic Committee of Ukraine

However, these numbers actually do not give a complete and adequate understanding of the real Russian's capital inflow and control in the above mentioned sectors of the economy. Firstly, as it was mentioned in previous chapter, it is difficult to estimate the actual amount of the Russian investments flow because in many cases Russian shareholders transfer capital through offshore financial subsidiary. Secondly, Russians can be in command of Ukraine's companies operations without making vast investments. For example, by ensuring the right to appoint management in investment agreements⁴, investors without having controlling stake could have a majority in the supervisory board and control the company. (Blinov 2008)

⁴ Investment agreement includes all the issues pertaining to the investment, including the rights attached to the investor's shares and the balance of power within the company.

4 Leading Russian companies operating in Ukraine

Russian companies are present in all key sectors of Ukraine's economy. Generally the recourse-based companies are still dominating in investment share. Nevertheless, presence of Russian financial, trade and telecommunication companies' in Ukraine is growing too.

4.1 Oil processing industry of Ukraine

Ukraine has a well-developed oil refining industry covering six oil refineries with annual production capacity 51.1 million tons. However, due to severely outdated plants equipment and scarcity of own oil reserves the capacities of refineries are utilized for less than one fifth⁵. After USSR collapse Ukraine's refineries did not receive enough crude oil supplies to supply the country's domestic petroleum product demand. To achieve better results in securing sufficient crude oil supplies Ukrainian oil refineries were privatized, witch lead to appearance of Russian companies in the Ukraine's refining industry.

Table 3 The oil refineries of Ukraine, their capacity and usage in 2002-2006

Oil Refinery	Capacity, mln tons		Oil Processing, mln tons				Capacities' loading, %			
	planned	real	2003	2004	2005	2006	2003	2004	2005	2006
Kremenchug ⁶	18.6	10.0	6.6	6.6	5.9	6,3	66.3	66.0	59.9	63.1
Lisichansk	16.0	8.0	6.2	6.6	6.0	4,9	77.5	82.7	75.1	31.6
Kherson	7.1	4.0	1.9	1.5	0.8	-	49.4	39.0	21.9	- ⁷
Odessa	3.6	3.0	2.8	2.4	1.3	-	94.4	81.7	46.5	-
Drohobych	3.2	2.6	2.0	2.1	1.0	0,8	79.5	84.0	40.8	31.7
Nadvirna	2.6	2.6	1.4	1.7	2.0	1,3	57.1	68.0	79.5	50.6
Total	51.1	30.2	21.1	21.1	17.4	13,3	70.2	70.1	57.6	44.3

Source: The Chamber of Commerce in Ukraine

Ukraine's refineries have been transformed into joint stock companies: UkrTatNafta, Lisichansk-NaftaOrgSintez (Linik), KhersonNeftePererabotka (Kherson Oil Refining),

⁵ Even though real plants capacity sums to 30.2 million tons (table 3), during 9 months of 2008 Ukraine's oil refineries processed 7.3 mln tones of crude oil. Kherson and Nadvirna refineries are under repair, Kremenchug and Drohobych plants are operating on minimum rates. Out of all working plants only Odessa and Lisichansk refineries are operating on nominal indicators.

⁶ With bold are marked refineries with Russian ownership.

⁷ Odessa and Kherson oil refineries have been under repair from July 2005. Odessa refinery reconstruction was accomplished in 2008 and Kherson refinery will be under reconstruction till 2010.

Lukoil-Odesa Oil Refinery, Halychina Oil Refinery (Drohobych oil refinery) and Neftekhimik Prikarpatya (Nadvornyansk oil refinery). The largest enterprises in the industry are Kremenchug oil refinery and the Lisichansk oil refinery (Table 3).

Table 4 Principal shareholders of the Ukrainian oil refineries

Based on October the 1st, 2007, the official data, referring to the list of the oil refineries' shareholders, are presented in the following way:

“Ukratnafta” (Kremenchug oil refinery)

“Naftogaz Ukrainy” — 43.054%;
State Committee of the Tatarstan Republic on the state property management — 28.778%;
Corporation SeaGroup International Inc. (the USA) — 9.960%;
“Tatneft” — 8.613%;
AmRuz Trading AG (Switzerland) — 8.336%;
“PrivatBank” — 1.154%;
“Tatneftekhiminvest-holding” — 0.035%;
“Souvar” — 0.035%; and “Davon-Credit” Bank — 0.035%.

“LINIK” (Lisichansk oil refinery)

TNK-BP group of companies — 95.21%;
Minority shareholders — 4.7877%.
10,0% — “Alfa-Nafta”; and
16,91% — CJSC CB “PrivatBank”.

“Neftekhimik Prikarpatya” (Nadvornyansk oil refinery)

30,20% — OJSC “Interregional fund union” (nominal holder);
26,00% — the State Property Fund of Ukraine;

“Khersonneftepererabotka” (Kherson oil refinery)

60% belong to the Trading House “Ukrnefteprodukt”, 99% of shares of which are under the ownership of “Kazakhoil-Ukraine” company;
27.6% — NK “Alliance-Ukraine”.

“LUKOIL-Odesa oil refinery” (Odessa oil refinery)

99.8 % belong to “LUK-Sintez Oil Limited”, the British Virgin Islands, city of Roed.

“NPK-Galychina” (Drohobych oil refinery)

More than 74 % of this Open Joint Stock Company is controlled by the group of companies, affiliated with the CJSC CB “PrivatBank”;
25.0% — the State Property Fund of Ukraine.

Out of six refineries, three are Russian owned; one is a Ukrainian-Russian joint venture and two refineries are Ukrainian owned (Table 4). The two Ukrainian owned refineries in Western Ukraine, Halychyna and Prykarpatya, are both smaller facilities. Originally they have been technologically orientated solely at the Ukrainian oil. However, as the Western Ukraine deposits have been running low, these enterprises have been forced to introduce technical changes, allowing processing of heavier oil grades, in particular, of the Russian origin.

Russia-based Alliance Group and Kazakh state oil company “Kazmunaigaz” are managing the Kherson oil refinery. The Kherson oil refinery is the oldest refinery of

Ukraine which was built in 1938. Since 1999 reconstruction and upgrading project has been implementing on the basis of intergovernmental agreements between Ukraine and Kazakhstan. Alliance Group and “Kazmunaigaz” have signed long-term supply contracts to deliver oil to Kherson Refinery. Since 2003 “Alliance Ukraine” Oil Company has been an operator of intergovernmental Kherson Refinery Upgrading Program. Reconstruction and Upgrading Program have been implemented at the refinery since 2001 and it is scheduled till 2010. (Herasimovich, 2008) The holding company Alliance Group intends to invest in the modernization of the Kherson oil refinery \$ 450-500 million until 2010. (Volkov 2007)

Ukratnafta is a joint venture between Ukraine’s Kremenchuk refinery (43%) and several Russia’s entities including Tatneft producer, Tatneftprom and other companies that own another 57% of the joint venture. Ukratnafta refinery enjoyed cash and crude injections on part of Russian partner Tatneft. Ukratnafta purchases itself about 80% of all crude it processes, while associated companies (Dobrobut, Sigma and others) supply the rest through processing deals. Ukratnafta is developing its own retail network, having a number of gas filling stations in Kremenchuk, Poltava and Kiev. Since November 2007, Ukratnafta sharply have been reducing processing operations. This was caused by raw materials supply termination by Russian Tatneft because of the corporate conflict. (Baran 2005)

TNK BP

Russia’s third largest oil producer TNK-BP is one of the largest oil companies operating in Russia. It is engaged in the exploration, production, refining, selling, trading and marketing of crude oil and natural gas in Russia and Ukraine. The company also provides oilfield services. The company’s principal operating areas include Khanty Mansiysk, Yamalo Nenets Districts, Tyumen Region and Nizhnevartovsk in West Siberia, Irkutsk Region in East Siberia, Saratov and Orenburg region in Volga-Urals, Ryazan near Moscow and Lisichansk in Ukraine. The company is headquartered in Tyumen Oblast, Russian Federation and employs 60,000 people.

The company was formed in 2003 as a result of the merger of BP’s Russian oil and gas assets and the oil and gas assets of Alfa Group, Access Industries and Renova – together known as AAR (Table 5).

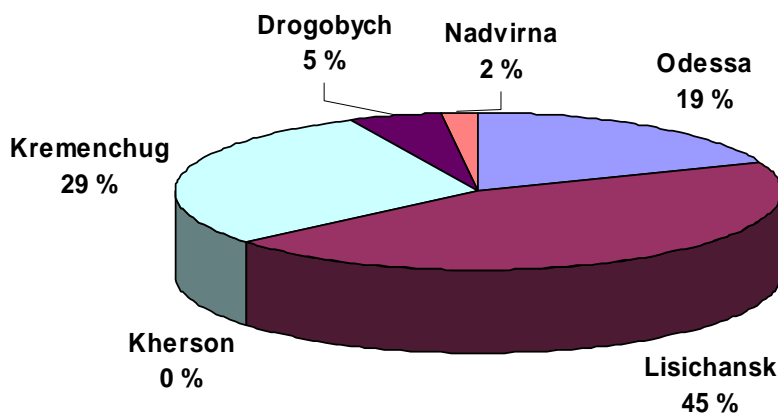
Table 5 Major shareholders of TNK BP

Major shareholders	Share,%
BP	44.8
Alfa Group Consortium, Access Industries, Renova	44.8
TNK-BP Holding subsidiaries	5,2
Other	5,1

Company also has 2,100 retail service stations, mainly operating under the TNK and BP brands. Through this retail network, TNK-BP has become one of the market leaders in petroleum product sales in European Russia (including Moscow) and is the market leader in Ukraine. TNK-BP started its operations in Ukraine on June the 11th, 2004. The corresponding decision has been made by the international holding's management in connection with the accelerated pace of development of the business in Ukraine.

In 2005, the international holding TNK-BP has decided to independently engage in the wholesale trade of oil products in Ukraine. For this reason in 2005 was established "TNK BP Commerce", that is responsible for the wholesale trade of oil products, which subsequently are sold through a network of filling stations. To date, "TNK-BP Commerce" is one of the largest operators of the fuel market in Ukraine, through the sale of Lisichansk Oil Refinery petroleum production to the domestic market and for export. TNK-BP has five refineries in Russia and one Ukraine. Lisichansk Oil Refinery is the main oil processing asset of TNK-BP in Ukraine.

Currently, the refinery's capacity for processing raw materials totals about 8.0 million tons a year. Raw materials are supplied to the Lisichansk Oil Refinery via the Samara—Lisichansk pipeline and by railway transport. The Lysichansk refinery, with 4.7 million tonnes processed, was Ukraine's largest refiner last year (Figure 5).

Figure 5 Share of the Ukrainian oil-refining plants in total amount of oil processed, 2008⁸

Source: Ukrainian oil refinery sector review

Table 6 gives an insight to the investment projects that have been implemented at the Lisichansk oil refinery during 2001-2006. The Russian-British company TNK-BP plans to invest about \$ 400 million in its operational and marketing assets development in Ukraine during the period of 2007-2010. TNK-BP Commerce President Sergei Lizunov said the unit would not need to upgrade its Lysychansk refinery, until the end of 2010 after completing upgrades.

Table 6 Principal investment projects, implemented at the Lisichansk oil refinery

2001	2002	2003	2004	2005	2006
MTBE unit construction, \$1.1 million	Modernization of elemental production unit, \$1.4 million	Construction of "Mericat 2" unit, \$8 million	Construction of the bitumen production, \$15 million	Isomerization unit construction, \$20 million	Complex of the biological waste water treatment, \$10 million

Source: The Chamber of Commerce in Ukraine

⁸Kherson refinery was not in operation during the period, Odessa refinery started operations since April.

TNK-BP's Ukrainian unit plans to maintain 2009 production volumes at last year's level, banking on falling imports to keep demand for its oil products stable despite an overall slowdown in consumption.

LUKOIL

Russian oil and gas company Lukoil was established in 1993 by union of three oil producing enterprises and three processing enterprises. The company came to the Ukrainian market in 1997 by opening petrol stations in the East of Ukraine. Since 1997 the company had been expanding its presence and activities in the Ukrainian market rapidly. (Sickora 2002)

Lukoil paid about \$ 7 million for purchasing a controlling stake in the Odessa refinery in alliance with the English Synthesis. Later on it become the owner of 98.4 % shares of the Odessa refinery plant (Izvestia 2008). Odessa refinery plant was acquired by Lukoil to ease export of oil through Odessa port terminal.

Table 7 shows principal investment projects implemented at the Odessa oil refinery during 2003-2006. In 2007 Odessa refinery completed the first stage of reconstruction, which had begun in August 2005. The distillation unit and various other facilities were rebuilt during this first stage. In 2008 the second stage of modernization was completed by installation of a visbreaking unit, which will lower output of fuel oil and raise output of vacuum gas oil. (Lukoil Oil Company 2007). In 2008 Lukoil invested \$30 million into renovation and developments of the plant (Izvestia 2008). Lukoil plans to invest \$500 million until the end of 2014 in the modernization of the Odessa oil refinery, and 200 million on development of its own gas stations. (Volkov 2007)

Table 7 Principal investment projects, implemented at the Odessa oil refinery

2003	2004	2005	2006
Construction of the trestle work for the liquefied gas filling, \$ 3 million	Isomerization unit construction, \$12 million	Reconstruction of the reservoir stock, \$9.3 million	Modernization of the AT unit, preparation for the viscosity breaking unit, \$21 million

Source: The Chamber of Commerce in Ukraine

Lukoil is actively expanding its presence in the retail market of petroleum products in Ukraine, creating a network of gas stations which utilize 1.5 million tons of gasoline produced in the company. Lukoil has a network in Ukraine wich consists of approximately 250 petrol stations. (Shkarapova, Dubrohyz 2007). In 2008 Lukoil

sold through its networks in Ukraine 23,7 % more petroleum products than in 2007. During following years most of the company's investments will be concentrated in Odessa region. Because of the world financial crisis Lukoil has to cut its investments in 2009 into development of a petrol station network in Ukraine to \$7,5-9 mln.

Lukoil is also spreading out its business to chemical industry. In 2006 Lukoil and German company UHDE signed a contract to built polyvinyl chloride producing plant In Kaluysh city (Ivanofrankivsk region). The investment program "Lukoil-Naftekhim" permitted to commence the manufacture of chlorine and caustic soda at the plant will be active for two years. According to the contract, the plant would be able to produce 300 thousands tons of polyvinyl chloride in 2009. Investment value of the project is \$ 200 million. (Government Portal 2006)

The dominating role of Russian oil companies in Ukraine is caused by the traditional role of Russia as a major exporter of hydrocarbons to Ukraine, Ukraine's geopolitical location for Russian energy transit to Europe and an active expansionist policy of the Russian companies to purchase facilities, including oil refineries in the CIS and Eastern Europe.

The activities of Russian companies in the oil industry of Ukraine are directed to:

- reorientation of Russia's export from crude oil to export of petroleum products received in particular from Ukrainian refineries;
- acquisition of Ukrainian enterprises through privatization in order to have a presence in petroleum products consumption markets in Central and Western Europe;
- further strengthening of the Russian companies position in Ukraine domestic market of oil products through the creation of joint ventures and through building distribution networks.(Shpack 2002)

Presence of Russian oil companies in the Ukraine's oil refinery industry has both positive and negative influence. First, capacity utilization of Ukrainian refineries is increasing, which improves not only the financial condition of these companies, but overall socio-economic situation in areas where these companies are situated (as most of them are decisive for the formation of local budgets), and in Ukraine in general. Second, ownership of refineries by Russian oil companies stimulates stable supply of raw materials, investments in the modernization of enterprises and improvement of

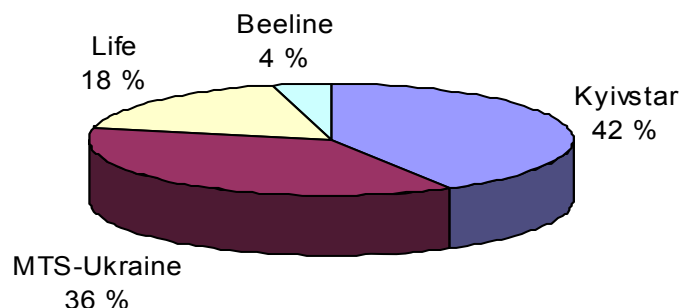
their products. However, it also influences on the energy economic security of Ukraine and largely prevents diversification of oil imports. Even if Ukraine would eventually implement the scheme of oil imports diversification (eg. through the operation of the pipeline Odessa - Brody) and Ukrainian refineries will start to receive oil from the Caspian region and the Persian Gulf countries, it will be extremely difficult to compete with Russian products because of the difference in price for raw materials and possibility for Russia to use price dumping. (Kyznetsova 2002)

4.2 Telecommunication sector

The Ukrainian telecom sector revenue reached an estimated \$5.2 billion in 2006 and is forecasted to have grown to \$7.7 billion by the end of 2011. Mobile comprises the largest part, with 52.0%, of the total communications services revenue. The mobile sector has been by far the most dynamic telecom market in the country in the last 5 years, with a staggering average growth rate of 91.4%. (Paradis 2007)

Ukrainian telecommunication sector is divided between a few Russian players (Figure 6). The first market entries occurred in 2001-2002, when key regional telecom markets of Russian Federation were almost saturated. From the very start Russian leading mobile operators focused on the CIS countries. This approach was based both on the economic and political ties inherited from the Soviet era and on the attractiveness of the CIS states as fast growing markets. Relatively low penetration rate and rapidly increasing subscriber base presume significant future opportunities for telecom sectors. Knowledge of business environment and practices in the CIS countries, which were quite similar to those in Russia, favored the entries.

Figure 6 Major mobile operators in Ukraine's telecommunications market



Source: Mabila Media

Nowadays Russian companies control 96% of mobile communications in Ukraine. Mobile operator MTC-Ukraine is controlled by Russian holding company AFK System, Russian Vimpelcom owns private corporation Ukrainian Radiosystems (TM Beeline) and Golden Telecom; company Altimowich belongs to Alfa-Group owns shares of biggest Ukrainian mobile operator Kyivstar. (Lyametc 2007)

MTS-UKRAINE

The second largest mobile operator is Ukrainian Mobile Telecommunication JSC, which is fully owned by the Russian group Mobile TeleSystems OJSC (MTS Russia) and is operating under the MTS Russia brand. As at 30 June 2008, Ukrainian Mobile Telecommunication JSC had a market share of approximately 36%.

MTS entered the Ukrainian mobile market in 2002 via purchasing the controlling interest of UMC. Nowadays, MTS holds 99% of the MTS Ukraine company directly and one per cent through its subsidiary PPT Telecom Kyiv. One could argue that the influence of MTS as an owner was rather positive for UMC. Managerial, financial and other types of input helped the latter to restore the leading position on the Ukrainian mobile market. While UMC's total investments in ten years period amounted to over USD 450 million, MTS spent over USD 250 million on the UMC development in 2003 alone. According to estimates, the total stock of MTS investments in Ukraine amounts to USD 1.2 billion by the end of 2004. MTS actively cooperates with leading equipment suppliers (Alcatel and Siemens) to expand the GSM network, optimize existing infrastructure, and accelerate development of next-generation products and services. As of September 2004, UMC's network covered over 80% of the country's territory and about 90% of the population. Having the status of the MTS subsidiary, UMC gets better access to foreign financial sources. (Lisitsyn et al. 2005)

However, despite certain success MTS faced some serious problems in Ukraine. They basically come from a high level of political risk in the country and ideas of re-privatization. In the case of UMC, the Ukrainian Prosecutor-General's Office in June 2004 claimed that the sale of Ukrtelecom's share of the company to MTS was in breach of Ukraine's privatization laws, and therefore announced a re-privatization campaign. Later on conflict was solved and MTS continued to own controlling stake of the MTS-Ukraine.

ALTIMO

A part of the Alfa Group Consortium (AGC), Altimo was created in 2005 to represent AGC's telecom asset portfolio. Established in 1989, AGC has become one of the largest Russian privately-owned business groups which own assets in several industry sectors, including oil production, financial services, retail and telecom. Altimo's telecom companies provide services to more than 120 million subscribers. Altimo is a private equity investment arm specializing in investments in the telecommunications industry with a focus on mobile and fixed-line communications. It invests in companies based in Russia, the CIS region, Turkey, Cambodia and in the South-East Asian markets especially in Vietnam and Indonesia. The firm prefers strong minority positions in those companies that do not have a controlling shareholder. It was formerly known as Alfa Telecom (Alfa Group 2008). The firm is based in Moscow, Russian Federation with additional offices in United Kingdom; Ukraine; Indonesia, Turkey; and Vietnam. Altimo operates as subsidiary of Alfa Capital and controls the following companies: Russia's mobile operators – VimpelCom and MegaFon; major Ukrainian mobile operator -- Kyivstar; major Turkish mobile operator – Turkcell; and Golden Telecom – one of the largest fixed telecom operators in Russia. (Businessweek 2009)

Majour Altimos asset in Ukraine-Kyivstar is the largest mobile operator in Ukraine with a market share at 30 June 2008 of 42%. Altimo holds 34% of VimpelCom's common shares and 6.4 million preferred shares, which give it 44% of voting shares. Beeline, a brand operated by Ukrainian Radio Systems (URS) is 100% owned by the Russian company VimpelCom. URS had approximately 2.1 million mobile subscriptions and a market share of approximately 3.8% at the end of June 2008. VimpelCom is a leading mobile operator in Russia, with operations in Kazakhstan, Uzbekistan, Tajikistan and also Ukraine. VimpelCom has app. 50 million subscribers and has a 35% market share in Russia. There are also several smaller mobile operators in Ukraine, including Golden Telecom Ukraine (which holds a GSM 1800 MHz licence), which is also a wholly owned subsidiary of VimpelCom. (Mabila Media 2009)

Further expansion of Russian telecommunication companies could be possible through entering Ukraine's fixed telephone market. Russian financial groups for a long time had interest in the privatization of the Ukraine's telecom monopolist government-owned company Ukrtelecom. Ukrtelecom Joint Stock Company is an advanced enterprise with

a developed infrastructure holding a leading position in the field of fixed telephony market of Ukraine. The Company covers approximately 71% of the local telephony market and 83% of long-distance and international telephony market. In January the State Property Fund of Ukraine officially announced sale of 67.8% Ukrtelecom's shares in March. Main potential acquirers are Russian Mobile TeleSystems, Alfa group, Rostelecom and also several Western telecommunication companies.(Kommersant 2009) It is very likely that Russian financial groups will consider a series of acquisitions in the industry and seek for acquiring Ukrtelecom. (Expert Online 2008)

4.3 Financial sector

Ukraine's banking sector has expanded rapidly over the recent years, in nominal terms as well as in relation to the size of the economy. There are about 181 active banks with two major state-owned savings banks: Oschadny and UkrExImbank. As of 30 September 2008, state banks constitute only 8% of the assets and the 6.6% of capital of the banking system of Ukraine, while western capital controls more than a quarter of the capital of the Ukrainian banking sector, and 33% of its assets. If one adds CIS and offshore owned banks, such proportions amount to 43% and 47%. Global foreign funding of banks is \$35 billions at the end of 2008, with the majority of it provided to western banks. Three countries that most actively are investing in Ukraine's banking sector include Austria, France and Russia. (The Chamber of Commerce in Ukraine 2009)

From the Ukrainian banks assets that are foreign owned 7% are Russian. Moreover the share of Russia's investments in banking sector accounted \$2389 billion. There are subsidiaries of the biggest Russian banks: Sberbank, Renaissance, Petrocommercebank, and Bank of Moscow (Table 8). Two banks with Russian capital Alfa Bank and VTB bank are among ten leading banks of Ukraine. (New Region - Kiev 2008)

Leading Russian banks moving to Ukraine to follow their clients and touch the ground in retail business outside Russia. **Alfa Bank**, for example, is the representative of the Alfa Group's interests, which also includes the petroleum joint venture TNK-BP and the VimpelCom. In this case, the bank acts as the coordinator of the group. (Kalotay K. 2007)

Table 8 CIS and off-shore owned banks, as of 30 September 2008

#	Name	Group	Home country	Assets, \$ mln	Capital, \$ mln
1	Alfa-Bank Ukraine	Alfa-Bank	Russian Federation	4 824	514
2	VTB Bank	VTB	Russian Federation	4 211	484
3	KreditPromBank	KreditPromBank	Cyprus	2 911	273
4	VA Bank	Kardan Group	Israel	1 368	186
5	Universal Bank	Universal	Greece	1 274	107
6	Delta Bank	Icon Private Equity	Russian Federation	977	118
7	Sberbank of Russia	Sberbank of Russia	Russian Federation	802	217
8	Kyivska Rus	Sharp Arrow Holdings	Cyprus	802	63
9	BTA Bank	BTA	Kazakhstan	632	35
10	MorTransBank	Marfin Popular Bank	Cyprus	550	34
11	Renaissance Capital	Renaissance Capital	Russian Federation	534	31
12	BM-Bank	Bank of Moscow	Russian Federation	477	73
13	Piraeus Bank ICB	Piraeus Bank	Greece	471	97
14	Credit Europe Bank	Credit Europe Bank	Turkey	434	70
15	AvtoZAZbank	Bank of Cyprus	Cyprus	283	27
16	UBDP	Bank of Georgia	Georgia	232	34
17	Misto-bank	Trasta Komercbanka	Latvia	210	25
18	Petrokommerzbank Ukraine	IFD Capital	Russian Federation	190	31
19	Trust		Russian Federation	95	17
20	Russian Standard Bank	Russian Standard Bank	Russian Federation	77	9
21	CreditWest Bank	CreditWest Bank	Turkey	31	14
22	Rada-Bank		Russian Federation	23	8

Source: The Chamber of Commerce in Ukraine

The scheme of Russian banks' expansion in Ukraine is to open a subsidiary bank with further acquisition of a local bank with established networks, which becomes a base for further development. In particular, this was the entry model of Russian state owned **VTB Bank** to Ukraine. In 2005, to expand its operations in Ukraine, VTB Group established subsidiary bank CJSC Vneshtorgbank Ukraine. At first the priority of bank's operations was to serve large corporate clients. Later on, to create the necessary infrastructure, the bank acquired JSCB «Mriya» (VTB owns 98% stake in the bank). Furthermore, even though due to financial crisis Russian government has been allocating more funding for banking sector in Russia, activity of Russian state owned banks in Ukraine is raising. For example, 15th of January Russian VTB Bank acquired one of leading Ukraine's banks Prominvestbank. Nevertheless, it is difficult to forecast if Russia has enough of funds for further expansion in Ukraine's banking sector and what are opportunities of its banks nowadays.

5 Russian investments in retail, construction and manufacturing

In recent years the presence of Russian investments has become more visible. The Ukrainian markets become more open and their volumes increased to such extent that it stimulated investments from Russia. For a number of products prices in the world and in Russia (at least before the crisis) become more reasonable and individual companies started to buy Ukrainian firms for export or for the continuance of exports. Finally, the internal restrictions of doing business in Russia have become apparent for individual businesses and industries. Russian business is trying to differentiate its operations and now we can see in Ukrainian markets expansion and growth in various Russian companies.

The Russian trading retail company Vester is one of the most successful Russian retail companies in Ukraine. **Vester Retail Group** was created in 2006 and the company operates in 22 regions of Russia, as well as in Kazakhstan and Ukraine. Vester operates over 50 outlets with areas totaling 160,000 square meters. In 2008 company intends to invest about USD 41 million in opening in Ukraine 13 trading objects with a total area of more than 45 thousand in sq.m. in Kharkov, Mariupol, Sevastopol, Khmelnytskyi, and also in the Lvov and Dnepropetrovsk regions. Until 2011 the company plans to open 50 hypermarkets and 24 supermarkets in 35 Ukrainian cities, with a total floor space of 307 thousand in sq.m.

The Russian investor **Volga Dnepr** is contemplating a project to revive the manufacture of AN124 (Ruslan) airplanes with the factory "Antonova". Russia's Volga-Dnepr Group and Motor Sich of the Ukraine have formed a new joint venture company, Cargo Aircraft Managing Company, to manage the relaunch of serial production of the AN-124-100 freighter aircraft. Representatives of Volga-Dnepr and Motor Sich signed a Memorandum of Association in Kiev in 2006. The project to relaunch serial production of the AN-124 is part of the strategy of the Russian aviation industry and the Federal Targeted Programme: The development of civil aviation technology in Russia in 2002-2010 and up to 2015. The partners are committed to making the AN-124 modification and production relaunch programme the most successful project in the history of Russian-Ukrainian aviation. The aim of this joint initiative is to develop and produce a new version of the aircraft, the AN-124-100M-150, and to increase the operating life of existing AN-124 aircraft. The cost of the project is approximately \$ 200 million. (Volga Dnepr Group 2009)

Promising projects are implemented by Russian construction companies. Major Russian construction players are Social Initiative and Inteko. The financial corporation **Social Initiative** is considering building residential complexes in Donetsk. The cost of the project is approximately USD 226 million. Completion of a Russian-Ukrainian joint venture is planned in Ukraine for the repair, service and modernization of Ukrainian anti-aircraft defense systems and installations in third countries is planned. The cofounders of the joint ventures are the Russian state enterprise "Defensive Systems" and the Ukrainian state company "Ukroboronservis". The building company **JSC Inteko** is participating in the building of residential and trading complexes in Kyiv. The cost of the projects is approximately \$350 million.

The company "**Metalloinvest**" has suggested creating a joint enterprise with a Ukrainian party for completion of the Krivorozhsky oxidized ore mining and concentrating industrial complex (Kirovograd region). In order to complete the building and commissioning of the first stage of the industrial complex, approximately USD 200 million are required. (Volkov 2007)

6 Conclusions

Economic cooperation and partnership between Russia and Ukraine has an significant value for both countries. Ukraine and Russia are remaining to a great extent interdependent on the resources and the technological bases and have the extensive multilateral economic networks. Currently, Ukraine and Russia are mutual suppliers of the strategic resources and materials and both are interested in the preservation of the existing trade turnover.

Russia's foreign direct investment in Ukraine has lasting and expanding position. For long period Russian investments were typically concentrated on resource based industries. One can assume that it was caused by Russian large recourse based companies' endeavor for the internationalization and expansion to the external markets. Furthermore, the assets in Ukraine were having more strategic importance in the restoring value chains disrupted by the USSR collapse. In addition, growth and concentration of the Russian investments in many cases depend on development of markets of both countries' and ease of doing business for the Russian companies in Ukraine. Nowadays the Russian investments tend to inflow into various developing market segments of Ukraine such as financial sector, retail, construction and manufacturing.

From the individual cases analyzed above, it emerges that Russian companies see their assets in Ukraine as part of global value chain in worldwide dimension. Ukraine, as well as other CIS countries, was the starting point of further expansion abroad of Russia's multinational companies to industrialized countries. Through FDI in Ukraine, Russian conglomerates gained access to strategic assets and natural resources as well as obtained market to increase revenues.

Despite destruction of production and cooperative chains after the collapse of the USSR, Russia's and Ukraine's economic relationships are continuing to develop. It is noticeable that expansion of trade and economic collaboration is beneficial for the both countries. Nevertheless, the situation now is hectic in view of the fact that Ukraine has become a member of WTO and is on the stage of deeper integration into global economy. This might open new opportunities for Ukraine and change the structure of economic relationships with Russia. First of all, the European Union is a very large trading partner for Ukraine and has the potential to be the biggest one. Second, WTO accession gives an opportunity for Ukraine to improve by far a business environment

and create more favorable investment climate as well as help to proceed in the process of the EU membership.

References

- Alfa Group (2008). <http://www.alfagroup.org/>.
- Baran, Z. (2005) Energy reform in Ukraine: issues and recommendations. The Nixon Center.
- Blinov, A. (2008) Поглощение славянки. Эксперт Украина. <http://expert.ru/printissues/Ukraine/2008/47/sliyanie/>.
- Businessweek (2009). <http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=13376238>.
- Crane, K. and Larrabee, S. (2007) Encouraging trade and foreign direct investment in Ukraine. National Security Research Division.
- Expert Online (2008). <http://www.expert.ru/>.
- Government Portal (2006). <http://www.kmu.gov.ua/control/en>.
- Herashimovich, V. (2008) Ukrainian oil refinery sector review. Center for social and Economic research.
- Institute of Research of Russia (2008). <http://www.ii-rus.com/statistics>.
- Invest Ukraine (2007). [http://www.investukraine.org/images/stories/downloads/iu_annual_07-08\(3\).pdf](http://www.investukraine.org/images/stories/downloads/iu_annual_07-08(3).pdf).
- Izvestia (2008). <http://www.izvestia.ru/>.
- Kalotay, K. (2007) The Rise of Russian Transnational Corporations. The Geneva post. 2 (1).
- Kommersant (2009). <http://www.kommersant.ru/doc.aspx?DocsID=1117379&print=true>.
- Kontrakty (2009). <http://kontrakty.ua/content/blogsection/92/129/>.
- Kovalenko, V. (2009) Российские инвестиции в Украине: логика экономической целесообразности. Диалог. http://dialogs.org.ua/print.php?npart=project_ua&m_id=584.
- Kuznetsova, L (2002) Російський капіталу нафтопереробці України: плюси та мінуси. Економічний Часопис. 21 (11-12).
- Lisitsyn, N., Sutyryn S., Trofimenko O., Vorobieva I. (2005) Russian Telecommunication Company MTS Goes to the CIS. <http://www.haworthpress.com/web/JEB>.
- Lukoil Oil Company (2007). <http://www.lukoil.com/>.
- Liuhto K., Vahtra P. (2007) Foreign operations of Russia's largest industrial corporations – building a typology http://www.unctad.org/en/docs/iteiit20071a5_en.pdf.
- Lyamets S. (2007) Росіяни можуть скупити українські підприємства. Економічна правда <http://www.epravda.com.ua/publications/492fd88f2c556/>.
- Mabila Media (2008) Мобільний зв'язок в Україні. Результати за березень-травень 2008 року. http://media.mabila.ua/ua/articles/analitics_articles/mobile_in_ukraine_03_05/.
- New Region - Kiev (2008) Russian business in Ukraine: the collapse of the liberal empire. <http://www.nr2.ru/kiev/161522.html>.
- Paradis, I (2007) Ukraine - Broadband to be the growth driver. Hot telecom. <http://www.hottelecoms.com/cp-article-july2007.htm>.
- Pazyuk, A. (2005) Ukraine. Political Intelligence. http://ec.europa.eu/information_society/activities/internationalrel/docs/p_i_study_rus_ukr_arm_azerb_bel_geor_kaz_mold/3_ukraine.pdf.

Shkarapova, O. - Dubrohyz E. (2007) Росіяни повзуть. Контракты. <http://kontrakty.com.ua/show/ukr/article/45/0920078584.html>.

Shrack, O. (2002) Ринок нафтопродуктів в Україні: проблеми і перспективи. Економічний Часопис. 22 (11).

Sickora, B. (2002) Російська економічна експансія в Україні. Економічний Часопис-XXI Vol.3.

State Statistic Committee of Ukraine (2008). <http://www.ukrstat.gov.ua/>.

The Chamber of Commerce in Ukraine. http://www.chamber.ua/img/Country_Profile.pdf

TNK-BP (2008) <http://www.tnk-bp.com/press/>.

Vahtra, P. (2005) Russian Investments in the CIS - Scope, Motivations and Leverage. Electronic Publications of the Pan-European Institute, Turku School of Economics, <http://www.tse.fi/pei/pub>.

Vahtra, P. (2006) Expansion or Exodus? - Trends and Developments in Foreign Investments of Russia's Largest Industrial Enterprises. Electronic Publications of the Pan-European Institute, Turku School of Economics, <http://www.tse.fi/pei/pub>.

Vahtra, P. (2007) Expansion or Exodus? - The new leaders among the Russian TNCs. Electronic Publications of the Pan-European Institute, Turku School of Economics, <http://www.tse.fi/pei/pub>.

Volga Dnepr Group (2009). <http://www.volga-dnepr.com/eng/presscentre/releases/?id=4455>.

Volkov, K. (2007) Economic relations between Ukraine and Russia. The business and law readers digest.

Volovuch, O (2006) Час цивілізувати капітали. Україна і світ сьогодні. 32-33 (82).

**Electronic publications of the Pan-European Institute
ISSN 1795-5076**

Freely available at <http://www.tse.fi/pei>

2009

6/2009

Barauskaite, Laura

Chinese Foreign Investments and Economic Relations with the Baltic Sea Region Countries

5/2009

Charushina, Oxana

Some remarks on the impact of European Union membership on the economies of Austria and Finland – some lessons for Croatia

4/2009

Sutyryn, Sergei

Internationalization of Russian Economy: threats and opportunities in time of crises

3/2009

Efimova, Elena G. – Tsenzharik, Maria K.

Electronic Logistics Services in Russia: the Bridge to United Europe

2/2009

Liuhto, Kari

Special Economic Zones in Russia – What do the zones offer for foreign firms?

1/2009

Ehrstedt, Stefan – Zashev, Peter

Belarus for Finnish investors

2008

18/2008

Tuominen, Karita – Lamminen, Eero

Russian special economic zones

17/2008

Lamminen, Eero – Tuominen, Karita

Relocation of headquarters to Saint Petersburg – Public discussion from Russia

16/2008

Vahtra, Peeter – Lorentz, Harri

Analysis on Krasnodar and Rostov regions – Opportunities for foreign food manufacturers

15/2008

Purica, Ionut – Iordan, Marioara

EU and the new century's energy conflicts

14/2008

Vahtra, Peeter – Ehrstedt, Stefan

Russian energy supplies and the Baltic Sea region

13/2008

Baltic Rim Economies Expert Articles 2004-2008

12/2008

Kaartemo, Valtteri

Döner Ekonomi – Analysis of Turkish Economy

11/2008

Peltola, Kaisa-Kerttu

Russian innovation system in international comparison - Opportunities and challenges for the future of innovation development in Russia

10/2008

Dezhina, Irina – Peltola, Kaisa-Kerttu

International Learning in Innovation Area: Finnish Experience for Russia

9/2008

Usanov, Artur

Special Economic Zone in Kaliningrad as a Tool of Industrial Development: The Case of the Consumer Electronics Manufacturing

8/2008

Zashev, Peter

Current state and development potential of Russian Special Economic Zones – Case study on the example of Saint Petersburg SEZ

7/2008

Vahtra, Peeter – Zashev, Peter

Russian automotive manufacturing sector – an industry snapshot for foreign component manufacturers

6/2008

Cameron, Fraser – Matta, Aaron

Prospects for EU-Russia relations

5/2008

Krushynska, Tetiana

Ukrainian-Russian economic relations, eurointegration of Ukraine: problems, role, perspectives

4/2008

Ehrstedt, Stefan – Vahtra, Peeter

Russian energy investments in Europe

3/2008

Liuhto, Kari

Genesis of Economic Nationalism in Russia

2/2008

Vahtra, Peeter – Kaartemo, Valtteri

Energiaturvallisuus ja ympäristö Euroopan Unionissa - suomalaisyritysten energianäkökulmia

1/2008

Nirkkonen, Tuomas

Chinese Energy Security and the Unipolar World – Integration or confrontation?

2007

19/2007

Nojonen, Matti

The Dragon and the Bear 'facing a storm in common boat' – an overview of Sino-Russian relationship

18/2007

Kaartemo, Valtteri (ed.)

New role of Russian enterprises in international business

17/2007

Vahtra, Peeter

Suurimmat venäläisyrietykset Suomessa

16/2007

Jaakkola, Jenni

Income convergence in the enlarged European Union

15/2007

Brunat, Eric

Issues of professional development of labour resources in the Kaliningrad region

14/2007

Dezhina, Irina – Zashev, Peeter

Linkages in innovation system in Russia – Current status and opportunities for Russian-Finnish collaboration

13/2007

Vahtra, Peeter

Expansion or Exodus? The new leaders among the Russian TNCs

12/2007

Kärnä, Veikko

The Russian mining industry in transition

11/2007

Männistö, Marika

Venäjäen uudet erityistalousalueet – Odotukset ja mahdollisuudet

10/2007

Kuznetsov, Alexei V.

Prospects of various types of Russian transnational corporations (TNCs)

9/2007

Uiboupin, Janek

Cross-border cooperation and economic development in border regions of Western Ukraine

8/2007

Liuhto, Kari (ed.)

External economic relations of Belarus

7/2007

Kaartemo, Valtteri

The motives of Chinese foreign investments in the Baltic sea region

6/2007

Vahtra, Peeter - Peltto, Elina (eds)

The Future Competitiveness of the EU and Its Eastern Neighbours

5/2007

Lorentz, Harri

Finnish industrial companies' supply network cooperation and performance in Russia

4/2007

Liuhto, Kari

A future role of foreign firms in Russia's strategic industries

3/2007

Lisitsyn, Nikita

Technological cooperation between Finland and Russia: Example of technology parks in St. Petersburg

2/2007

Avdasheva, Svetlana

Is optimal industrial policy possible for Russia? Implications from value chain concept

1/2007

Liuhto, Kari

Kaliningrad, an attractive location for EU Investors

2006

11/2006

Lorentz, Harri

Food supply chains in Ukraine and Kazakhstan

10/2006

Hannula, Kaisa-Kerttu

Doing business in Ukraine - Experiences of two Finnish companies

9/2006

Uiboupin, Janek

Industrial clusters and regional development in Ukraine: the implications of foreign direct investments and trade

8/2006

Avdasheva, Svetlana

Russian furniture industry: Enterprises' upgrading from the value-chain Theory perspectives

7/2006

Food industry value chains in Leningrad oblast and Krasnodar krai (Finngrain – Vilja-alan yhteistyöryhmä)

6/2006

Zashev, Peter – Vahtra, Peeter

Kazakhstan as a Business Opportunity – Industrial Clusters and Regional Development

5/2006

Keskitalo, Päivi

Internationalisation of Finnish Environmental Technology to Poland

4/2006

Heiskanen, Katja

Internationalisation of Finnish Small and Medium-sized Companies towards the New EU Member States in the Baltic Sea Region

3/2006

Zashev, Peter

Belarus as a Business Opportunity?

2/2006

Johansson, Linda

International Business Operations of Companies with Russian Involvement in Southwestern Finland

1/2006

Vahtra, Peeter

Expansion or Exodus? - Trends and Developments in Foreign Investments of Russia's Largest Industrial Enterprises

2005

10/2005

Hannula, Kaisa-Kerttu

Host Country Determinants and Investment Motives of Finnish FDI in the Publishing Sectors of Bulgaria and Romania

9/2005

Vahtra, Peeter

Russian Investments in the CIS - Scope, Motivations and Leverage

8/2005

Liuhio, Kari - Zashev, Peter - Heiskanen, Katja (ed.)

The Approaching EU Accession of Bulgaria and Romania - New Opportunities for EU Enterprises

7/2005

Liuhto, Kari (ed.)

Kaliningrad 2020: Its Future Competitiveness and Role in the Baltic Sea Economic Region

6/2005

Levando, Dmitry

Investigation into the Structure of Reasoning in Economics

5/2005

Vahtra, Peeter - Pirilä, Hannu - Hietanen, Satu

ICT-sektori Baltiassa ja Puolassa

4/2005

Zashev, Peter

Between the Co-competitors: Belarus, Moldova and Ukraine Economic Integration in a Bi-polar Europe

3/2005

Pirilä, Hannu

Baltian ja Puolan taloudet vuonna 2004 - EU-jäsenyyden ja nopean talouskasvun vuosi

2/2005

Liuhto, Kari - Vincze, Zsuzsanna (ed.)

Wider Europe

1/2005

Lisitsyn, Nikita E. - Sutyryn, Sergei F. - Trofimenko, Olga Y. - Vorobieva, Irina V.

Outward Internationalisation of Russian Leading Telecom Companies



www.tse.fi/pei