NIZHNY NOVOGOROD REGION

Nizhny Novgorod Region (Nizhegorodskaya oblast) is a federal subject of Russia. Its administrative center is the city of Nizhny Novgorod. With a population of ca. 1.4 million, Nizhny Novgorod is the largest city of the oblast and the fourth largest city of the Russian Federation, after Moscow, Saint Petersburg, and Novosibirsk.

The area is crossed by the Volga River. Apart from Nizhny Novgorod's metropolitan area, the biggest city is Arzamas.

The oblast covers an area of 76,900 square kilometers (29,691.3 sq mi), which is approximately equal to the entire area of the Benelux countries. Agricultural land occupies 41% of this area, forests 48%, lakes and rivers 2% and other lands, 9%. Nizhni Novgorod Oblast borders: Kostroma Region (N), Kirov Region (NE), Mari El Republic (E), Chuvash Republic (E), Republic of Mordovia (S), Ryazan Oblast (SW), Vladimir Oblast (W), and Ivanov Region (NW).

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Overview

- Region territory: 76,900 thousand km²
- Population: 3520 thousand people.
- Urban population: 2754 thousand people.

Natural resources

Nizhni Novgorod Oblast is not rich in natural resources, which are, mostly, limited to commercial deposits of sand (including titanium-zirconium sands), clay, gypsum, peat, mineral salt, and timber.

Economy

Nizhny Novgorod Region ranks seventh in Russia in industrial output, while the processing industry predominates in the local economy. More than 650 industrial companies employ nearly 700,000 people, or 62% of the workforce involved in material production. Industry generates 83%
of the regional GDP and makes 89% of all material expenditures. The leading sectors are engineering and metalworking, followed by the chemical and petrochemical industries and the forestry, woodworking, and paper industries. The first three sectors account for about 75% of all industrial production.

The region maintains trade relations with many countries and has an export surplus. The largest volume of exports goes to Ukraine, Belarus, Switzerland, Kazakhstan, Belgium, and France. Imports come mainly from Ukraine, Germany, Belarus, Kazakhstan, Austria, the Netherlands, China, and the United States.

The stock market infrastructure is quite well developed in Nizhny Novgorod, and the exchange business is expanding. Companies and organizations registered in the region include 1153 joint-stock companies, 63 investment institutions, 34 commercial banks, 35 insurance companies, 1 voucher investment fund, 1 investment fund, 17 nongovernmental pension funds, 2 associations of professional stock market dealers, and 3 exchanges (stock, currency, and agricultural).

**Investment climate**

Nizhni Novgorod Region has traditionally been attractive to investors. The Nizhny Novgorod region has several competitive advantages, which create favorable conditions for attracting investment and constant development. The main advantages are:

- its favorable geographical position, which gives the region the status of being the middleway of Russia
- the great geopolitical importance of the region for the whole of Russia;
- the well-developed transportation infrastructure, represented by the railroad and the motorways of federal importance, sea and river ports and the international airport)
- well-developed production industry, led by machine building;
- the existence of a highly-qualified and active workforce;
- the dynamic formation of a market institutions infrastructure (banks, insurance firms, investment companies, leasing organizations, etc.);
- the existence of a good legislative basis that contributes to the investment appeal of the region;
- high consumer demand;
- stable social and political situation.

**The basic branches and the major products**

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voucher investment fund, 1 investment fund, 17 nongovernmental pension funds, 2 associations of professional stock market dealers, and 3 exchanges (stock, currency, and agricultural). Nizhny Novgorod Region is noted for having relatively highly developed market relations.

There are more than 650 industrial companies in the region most of them engaged in the following sectors:

- Machine-building and engineering
- Chemical & petrochemical
- Fuel & energy
- Ferrous and non-ferrous metallurgy
- Construction materials
- Glass
- Wood and paper
- Cloth-making
- Food & food processing
- Medical & pharmaceuticals
- Printing & publishing.

**IT.** Nizhny Novgorod is one of the centers of the IT Industry in Russia. It ranks among the leading Russian cities in terms of the quantity of software R&D providers. In Nizhny Novgorod there are number of offshore outsourcing software developers, including Devetel Ltd., MERA Networks, RealEast Networks, and Teleca, that specialize in delivering services to telecommunication vendors. Also Intel has opened a software R&D center with more than 500 engineers in Nizhny Novgorod.

**Engineering Industry.** The engineering industry is the leading industry of Nizhny Novgorod economy. It is mainly oriented towards transportation, i.e., the auto industry, shipbuilding, diesel engines, aircraft manufacture, and machine tools, with the auto industry being the leading sector (50%). Largest plants are JSC "Gorky Automobile Plant" - personal cars, trucks, armored personnel carriers, and other autos; JSC "Krasnoye Sormovo" - river and sea ships, submarines; JSC "Sokol" - airplanes, jets; JSC "Nitel" - TV sets; JSC "RUMO" - diesel generators; JSC "Krasny yakor" - anchor chains; JSC "ZeFS" - metal-cutting machines.

**Infrastructure**

Gorkovskaya Railroad, which operates some 5,700 km of rail lines throughout the Middle Volga region (of which some 1,200 are in Nizhny Novgorod Oblast), is headquartered in Nizhny Novgorod. Overnight trains provide access to Nizhny Novgorod from Moscow. Since December 2002, a fast train transports passengers between Nizhny Novgorod and Moscow in less than five hours. One can continue from Nizhny Novgorod eastward along the Trans-Siberian Railway, with direct trains to major cities in the Urals and Siberia, as well as to Beijing.
Nizhny Novgorod Strigino Airport has direct flights to major Russian cities, as well as to Frankfurt (three flights a week by Lufthansa). The air base Sormovo was an important military airlift facility, and Pravdinsk air base was an interceptor aircraft base during the Cold War. S7 Airlines goes to Moscow Domodedovo airport daily.

Nizhny Novgorod is an important center of Volga cargo and passenger shipping. In the summer, cruise vessels operate between Nizhny Novgorod, Moscow, Saint Petersburg, and Astrakhan. In 2006 a small number of Meteor-class hydrofoils resumed operations on the Volga river.

The city is served by Russian highway M-7 (Moscow – Nizhny Novgorod – Kazan – Ufa), and is a hub of the regional highway network. Public transport within the city is provided by a small subway system (Nizhny Novgorod Metro), tramways, marshrutkas or minibuses, buses and trolleybuses. Electric and diesel commuter trains run to suburbs in several directions.

Free shuttle buses run from several points in the city to the MEGA shopping complex, which opened in October 2006 in Fedyakovo, a few kilometers to the east of the Nizhny Novgorod city line.