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**Внедрение высоких технологий – основа динамичного развития экономики Татарстана**

**Эксклюзивное интервью с генеральным директором группы компаний «ТАИФ» Альбертом Шигабутдиновым**

**Neftegaz**  
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# Implementation of high technologies is the basis for the dynamic development of the economy of Tatarstan



*«TAIF» Group of Companies means such businesses as investments & finance, building & telecommunications, transport & refinery, i.e. any sphere dealing with the renewal of life. Each of the GROUP's businesses is managed by a well-consolidated team of strong professionals. This team has its own corporate history closely inter-related with the modern history of the Republic of Tatarstan. We represent the interview with PSC «TAIF» General Director Albert Shigaboutdinov.*

– **Albert Kashafovich, what was the beginning of «TAIF» Group history?**

– Public Stock Corporation «TAIF» was established in August 1995. But the specification of the birthday day means almost nothing itself. It should be mentioned that the 90-s were the hard times for people living in Tatarstan and Russia. The turbulent events in the political life, a crisis in the country's economy, the changes in the psychological basis of the society...The domestic industry step by step moved to the market relations. At that moment our republic felt the need for a industrial and investment company with highly-professional staff, flexible management structure, good production potential – the company that would be able to bring into life a range of significant national investment programs. PSC «TAIF» was established by summarizing all above mentioned points as the absolutely new for the Republic model of ownership that combined the state, private, and foreign capitals.

A team of specialists of the Foreign Trade Research and Production Association «Kazan» made

the basis for the young company's management. The people having worked at TAIF at its very beginning were energetic, experienced, practiced, looking for the better application of their abilities. We were lucky to start at time when modern methods of management were required.

– **What can you say about a structure of the company?**

– Today, PSC «TAIF» is a diversified holding structure with more than 20 subsidiary and dependant companies operating in the different spheres of activity. All companies are closely inter-related financially, technically, technologically, and they have one holding company. But the quantity of the companies in the group isn't our goal to be achieved. All subsidiary companies were established for some reason. The new branches on the body of the holding company appear in accordance with the needs of the economic situation. We find the unoccupied market sectors, establish the companies that can provide necessary services (here we talk about not only the marketable level but the highest one). We support the companies on their way ahead, develop

the production process and the partner relationships, and, later, leave them for free flotation. Nevertheless, we even afterwards keep watching the development of these entities as we maintain some control over them as shareholders of these companies. In the future, we see TAIF as a purely finance company that will serve as a mean for the investors and government to invest into such business directions that will positively and rapidly influence the economy of the Republic.

– **Talking about the main activity lines of TAIF, which of them do you determine as the top priorities?**

– We understand that the implementation of high technologies will provide the dynamic development of the economy of Tatarstan in spite of the significant expenses to be made today. That is why the development and realization of high-technological projects, for example, in the sphere of petroleum processing, communications, and radio-television-communications made up the principal vector of company's development.

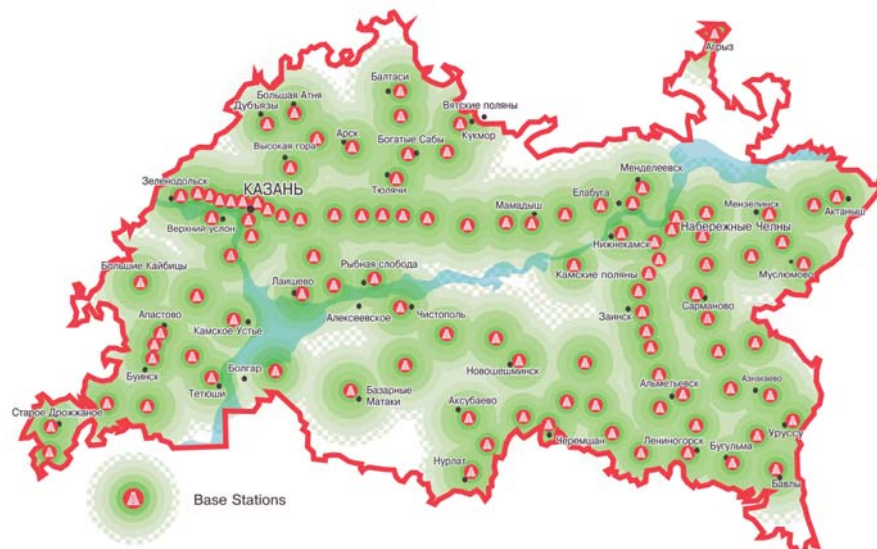
The construction of the largest regional cellular network of

GSM-900 standard in Russia has become one of the most significant achievements of TAIF Group in the sphere of telecommunications. The open joint stock company «TAIF-TELCOM» was established about two years ago for the realization of this project. The first call in this cellular network was made in March 1999. Today, «Santel» cellular network has more than 50 thousand subscribers (not only in Kazan, but in the whole Republic), and is among the five largest cellular operators in Russia in terms of base transmission stations quantity and the territory of coverage (85% of the territory of the Republic). «Santel» cellular network subscribers are provided with regional and international roaming in more than 220 Russian cities and 73 countries of the world. We are going to increase the number of BTC (base stations) to 200 by the end of 2001. The network of BTCs will cover the territory of almost the whole Republic, including the cities, the area centers, the main auto- and railroad routes.

The construction of the network combining two cellular standards 900 and 1800 is underway with 24 base stations of this standards being already put into operation.

«TAIF» implements the up-to-date technologies to such familiar sphere as wire telephony, as well. In 2000, we established new company «IntelSet» that is translated like «Intelligent networks». The outdated telephone stations in Kazan and Naberezhniye Chelni are changed by up-to-date digital automatic telephone stations. By 2005, «IntelSet» is going to increase the number of subscribers to 200 thousand people.

The strategic goal of «IntelSet» company is to go beyond the limits of the traditional telephone network, to offer the integrated package of telecommunication and multimedia services, including Internet, IP-telephony, video-conference-communication, tele-



*Situation of «Santel» cellular network base stations in Tatarstan*



*President of the Republic of Tatarstan Mintimer Shaimiev makes the first call in «Santel» cellular network*



*Major of Kazan Kamil Iskhakov on the presentation made by «IntelSet»*

medicine, tele-education and radio broadcasting, to all citizens of Kazan, other cities, settlements, and even villages. The high quality of services will be provided by the complex of equipment of high-speed subscriber access using the ADSL technology of Alkatel company with the application of the computer telephony platform based on the combined network of optical fiber and coaxial cables. In March 2001, during the presentation made by «IntelSet», Major of Kazan Kamil Iskhakov called this project «the gift given to the millennium anniversary of Kazan».

**– You’ve said that the investments is one of the most important activity lines of «TAIF» company. How does «TAIF» Group contribute to the development of the Tatarstan stock market?**

– «TAIF» from the very beginning considered the active participa-

tion in the organization of a stock market in the Republic to be its strategic goal. In January 1997, during the period of rapid development of the Russian stock market, «TAIF-INVEST» company was established on the basis of the securities department of PSC «TAIF». This being said that we sought to the establishment not only the successful business entity, but the structure that could promote the establishing of the stock market of the Republic of Tatarstan and its integration to the Russian and international economic area.

Today, «TAIF-INVEST» is among the leading and most dynamically developing investment companies of our region.

The main issuers those shares are used by the company in its work are OJSC «Tatneft», OJSC «Kazanorgsintez», OJSC «Savings Bank», OJSC «Lukoil» etc. The



counterparts of LLC «TAIF-INVEST» are such companies as IC «Trojka-Dialog», LLC «Anton», IC «Nikoil», CJSC «Fleming USB», CJSC «CentInvestSecurities».

«TAIF-INVEST» while working to perspective, not only pays attention to the work with large corporate clients, but also focuses on servicing the individual investors. In June 2000, the dealing center equipped with RTS and MICEX terminal was opened as part of «TAIF-INVEST» company to simplify the access of individual investors to the trading floors and raise the level of their information awareness in the issues of investments to the stock market.

A range of services on the securities market is realized by the commercial bank «Avers» that entered «TAIF» Group a year ago. The increase of issued capital to RUR 600 mln provided «Avers» with the second position among the republican commercial banks in terms of issued capital. The bank acts

as an issuer and as an investor, handles financing of the investment projects (first of all, the projects for development of the real sector of the republican economy). To take the position of one of the most stable and safe banks of the Republic of Tatarstan, «Avers» steadily improves and strengthens its resource base, expands the range of services rendered by the application of the up-to-date telecommunication systems, including Internet network. Besides, «Avers» Bank takes the third place in Kazan in terms of issue of plastic cards of the Russian payment system «Union Card». According to the data, published by «Profile» magazine in the end of year 2000, this bank was among the most safe small- and medium size banks.

**– Building is one more successful business of TAIF. What are the perspectives of the development of this branch?**

– The history of our contribution to the development of the building and construction sector in the Republic has begun in 1996 with the establishment of «Meta-TAIF» subsidiary organization. In 1997, «Meta-TAIF» in the record short terms has built two 12-storeyed brick houses in Azino-1 (district of Kazan) as part of the Program for liquidation of shabby habitation in Kazan (this Program can be found on the official web-site of the Republic of Tatarstan ([www.tatar.ru](http://www.tatar.ru))). These houses were given the highest esteem by President of the Republic of Tatarstan Mintimer Shaimiev. The citizens of Kazan who have used to live in old, uncomfortable houses in the center

of Kazan, moved to new, comfortable apartments.

In 1998, another two residential houses were commissioned for this social project – two 7-storeyed buildings in the Gorki district and Novo-Savinovskij district of Kazan. In parallel, «Meta-TAIF» was conducting the construction of the first line of «Santel» cellular system. Besides, in 1997, the madrasah «Faruk» was constructed especially for the World Tatar congress. This building that is situated quite near «Bolgar» mosque fits well into the architectural view of the newly built houses of Kazan.

In 1999, «TAIF» established «TAIF-ST» subsidiary company for further development of the building branch. We are conducting the extensive construction works for realizing of all our numerous projects. Due to this fact, our own building and construction subsidiary is the most effective solution to reduce the construction terms, to cut the production costs, to organize the direct supply of the materials, to implement the up-to-date technologies etc.

A range of objects realized by «TAIF-ST» includes such objects as the second line of «Santel» cellular network, Cultural and entertainment complex «Pyramid», new offices of the GROUP companies, the complex of buildings for the customs terminal of «Karsar» company with the gas station, maintenance station, hotel, storage warehouses, auto salon. «TAIF-ST» realizes the repairing works of the residential houses and office buildings, imports the construction materials to our region. The social objects are also under consideration. For example, we build the good-sized and comfortable child health center situated in Shmidta str. in Kazan.

**– Not so long ago, «TAIF» Group of Companies paid its attention to the sphere of services, as well. Can you tell us a few words about the Cultural and Entertainment**

**Complex «Pyramid»? How was this idea generated?**

– Here, while talking about «Pyramid», I would like to use the word «unique». To my mind, any capital, any city of the world can be proud of such kind of building. The guest arriving in Kazan simply can't pass the razor-edge, unusual lines of this building – they are seen very well from Volga, as well as from railroad and Kremlin hill. This building was designed by one of the best architects of Kazan, i.e. Gulsina Tokareva & Viktor Tokarev. The most up-to-date building and technological developments and extraordinary finishing materials were used for construction of this building.

At the same time, the design isn't the only unique feature of «Pyramid». It will be the magnificent cultural & entertainment complex with 16 th sq meters of area given for leisure services of the best quality as for young people and so for older people. The building will be managed by CJSC «TAIF-Art». This culture & entertainment complex would welcome the well-known Russian and international singers, actors, shows, discos, fashion-shows.

We are going to find the place for disco-hall, bowling, several restaurants, bars & cafes, billiard, and training room inside «Pyramid» building. The multifunctional hall with transforming interior could carry on the concert programs of any style and complexity.

**– What are the other lines of activity touched by the hand of «TAIF»?**

– I think that it's easier to specify which of them are not. Seriously though, our company's activity is very various and «multidimensional». The companies being a part of «TAIF» Group provide the services in the sphere of security, trade, insurance, air carriage, custom clearance. It can be said without exaggeration that «TAIF» is the only company in our region that

realizes its projects in such different spheres while putting more & more companies into orbit of «big business».

And, another important point to be mentioned is that working model of «TAIF», i.e. to integrate the most modern, progressive, economically profitable features, is adopted by every our subsidiary structure. All of them, as for example, «Tatneftaero» airline company, «Karsar» customs broker, «Kennard» securing company, «Avers» insurance company, provide services in accordance with world standards. The same can be said about «TAIF-Service» that operates «TAIF» service center. This center includes a splendid sport & health center and a multi-functional conference hall to hold symposiums and presentations using the most advanced means of communication and video-equipment. By the way, «TAIF-Service» is going to open the first four-star hotel in Kazan in the nearest future, which will meet the highest international requirements.

**– Thanks to our magazine's profile, we simply have to ask you in details about such a line of company's activity as refinery.**

– Sure, crude oil processing and petrochemicals production have always been one of the most important business lines of TAIF company.

You probably have in mind that 1997 was perhaps the most difficult year for oil extracting industry: world prices went down to record-breaking low position. At that time «TAIF» took a lease of ELOU-AVT-7 production unit from OJSC «Nizhnekamskneftekhim» being known for worn-out resource capacities. We carried out the reconstruction and modernization of the unit with our own funds and soon received the results. As early as on the next year, we increased the volumes of processed crude oil to the level of the unit's estimated capacity. We increased the production of

light petrochemical products, in particular gasoil and straight-run gasoline.

One more thing to be mentioned. Whatever we do, we seek to not only the profit. We always take to heart the problems of the Republic. «TAIF» supplied the produced petrochemicals for the needs of agriculture and industrial objects by the prices that were considerably less than the market ones, thus, preventing the results of the crisis of 1998. PSC «TAIF», by doing so, by giving a support to those who worked in agriculture, petrochemical sphere, worked at maximum possible level. Nevertheless, we succeeded during that time using and combining all forces and possibilities available.

**– It is known that «TAIF» participates in the construction of the Refinery in Nizhnekamsk. How important is this Refinery for the Republic?**

– Tatarstan, despite of having the heavy oil reserves, had to buy some important petrochemicals from other regions; here I mean first of all the gasoline of high quality. The need for construction of own processing facility in the Republic had appeared long ago. The initial plan was developed as far back as in forties following the decision of the government of USSR. But that were the specialists of TAIF who began the construction of the Refinery. First of all, we had to secure our petrochemical sector with raw materials; secondly, it's economically not profitable to import the straight-run gasoline in the sufficient volumes to the Republic; in the third place I can mention the increase in demand for jet fuel and kerosene in the Republic to meet the requirements of European standards. Following that, one of our top goals was the engineering and construction of the first line of Nizhnekamsk Refinery based on ELOU-AVT-7 unit. By the way, the first stone laid in a foundation of this facility was laid

by the President of the Republic of Tatarstan.

In order to solve the problems of OJSC «Nizhnekamskneftekhim», «TAIF» established its subsidiary branch in Nizhnekamsk – «TAIF-NK» – that seriously set about the construction of Refinery. The whole project integrated a middle distillates hydro treating complex, a viscosity breaking unit, a vacuum distillation unit, a sulphur separation unit «Claus». The projects developed for each unit presupposed an extensive infrastructure to store and load the petrochemical projects as well as the environmental protection objects. The estimated depth of refinery after the commissioning of the a first line will be 68.6%, after the second one – 74.3%. The total cost of the project developed for the first line of the Refinery is estimated as USD 267 mln calculated in accordance with the applied world practices. The original cost of construction of the first line of Refinery will be just USD 65 mln thanks to a unique approach, technological and intellectual developments of our specialists. Besides, «TAIF» has already invested more than USD 31 mln in the construction of the Refinery.

**– What other parties do participate in the construction of Nizhnekamsk refinery?**

– Nizhnekamsk refinery represents not only a large investment project. This is the project that brings the economy of Tatarstan on the crucially new, higher level of its development. Such companies as PSC «TAIF», OJSC «Nizhnekamskneftekhim», and OJSC «Tatneft» joined their forces to manage this complicated construction project.

After the main stage of this project was completed, «TAIF» made an offer to OJSC «Tatneft» concerning the transfer of the constructed object for its completion and commissioning. This step was the first stage of establishing a vertically-integrated oil company

in the Republic; thus this step was made by us solely to the benefit of Tatarstan. The fact is that «Tatneft» is the only company among the largest extracting companies of Russia that at that time had no capacities at all for crude oil processing. The decision taken by «TAIF» was approved by the government of the Republic. Depending on the situation, we can at any time come to help to «Tatneft» to solve the appeared problems.

**– Which types of works are still conducted by «TAIF» on the «Nizhnekamsk Refinery»?**

– Currently, «TAIF» supplies the equipment for ELOU-AVT-7 vacuum unit in order to install a viscosity breaking unit and bitumen unit. Besides, we are going to raise the catalytic cracking unit in Nizhnekamsk on the basis of the units for dehydrating of isopentanes being temporarily in storage condition. Thus, we are realizing our next step for the development of crude oil processing in Tatarstan. By putting this facility into operation, we will provide the Republic with such facility that could process 880 th tons of vacuum gasoil on annual basis and up to 530 th tons of auto-petrols to meet the existing worldwide requirements. (Nowadays, the republican level of production of auto-petrols is just about 60 th tons per year). The commissioning of this unit, currently scheduled for the end of 2002 should cover the requirements of the Republic in high-octane auto-petrols in full and provide about USD 33 mln of revenue each year. As for butane-butylene fraction received as a result of processing of vacuum gasoil, we will supply it to «Nizhnekamskneftekhim» that strongly requires the raw materials for production of synthetic rubbers.

**– Mr. Shigaboutdinov, please tell us about the prospects for the development of petrochemical & gas complex in the Republic of Tatarstan.**

The petrochemical & gas complex is a key sector of the economy of the Republic. So, its upgrading to the marketable level is one of the crucial factors for the economical stability of the Republic. This sphere takes the leading position in the Republic in terms of production volumes with the companies of the petrochemical and gas profile giving more than a half of the revenues to the republican budget; 80% of the republican foreign trade turnover is provided by the petrochemical & gas complex.

In 1999, Tatarstan developed the Presidential program of the development of petrochemical & gas complex for five-year period. The program's goal is strengthening the petrochemical & gas companies to enter the Russian and international markets. This includes, first of all, the structural reorganization of petrochemical & gas complex, optimization of the management system, investment support of the most effective and competitive production facilities. The Program includes 26 investment projects to modernize the existing facilities and establish the new ones. These projects would be realized with the local & foreign investments in the amount of USD 1,163 mln.

**– What perspectives, do you think, will the cooperation with western companies in the sphere of crude oil processing bring?**

– The processing of hard-to-sell carbon crude oils, as well as bitumen is of current interest today, taking into account the decrease of share of oils produced from Devonskij oil field in the total volumes of produced oil. Here, the most priority investment projects are the construction of the specialized plant for processing of high-viscosity oils and bitumen on the territory of Minnibaevskij Gas Processing Plant, and the construction of the above mentioned Nizhnekamsk Refinery. Today, the role of the western companies in the construction of this Refinery



is seen in the development & delivery of different know-how and supply of original equipment. For example, a viscosity breaking unit will provide the deep processing of crude oil by using the partial oxidation of flux oil on the «Shell» technology given by «ABB Lummus Global» (USA). One of the branches of this company, i.e. «Hit Transfer Ltd.» – supplied a furnace, compressors and a pump for this unit. «Kokh Glitch Italy» supplied the equipment for a bitumen unit and visbreaking unit.

Besides, the Program of development of petrochemical & gas complex in the Republic presupposes different ways to raise the investments from abroad: investment and compensation agreements, concession agreements, joint ventures, leasing agreements with international companies etc.

**– It goes without saying that we find a particular interest in the general investment climate of your Republic. What spheres are the prerogative ones for the western investors, what guarantees do they have?**

– Raising investments is one of the conditions necessary for the development of the economy of any region. The policy implemented by the government of the Republic of Tatarstan in the sphere of international investments is based on the most important regulatory documents. I will mention only few of them: «Act of the investment activity in the Republic of Tatarstan», «Act of the foreign investments in the Republic of Tatarstan», «Oil & Gas Act», «Act on status of the approved investment project with the participation of foreign inves-



tors» and others. There is a developed system of preferences and privileges for the investors as well as a full complex of measures to reduce the investment risks. It is no wonder that Tatarstan is one of the Russian top ten regions in terms of investment appeal.

The already mentioned crude oil production and processing are the perspective spheres for the investments in our Republic. Here I can also mention the conversion of the military sector, machine industry, development of the infrastructure of agro-industrial complex, production of the consumer goods, building and construction, services and trade.

As it is already known, the attractiveness of any region in terms of investments is seen foremost on its economic situation and political stability. In addition, the authority of the Republic is influenced by the reputation of the leading republican companies and enterprises. And, «TAIF» is one of the guarantors of the investment flow to Tatarstan. «TAIF» brand name is read as «Tatar-American Investments & Finance». At our very beginning, in 1995, our activity became possible thanks to our investors from abroad. As for the main conditions of partnership of any company with the foreign shareholders, they are the reliability, the competent management, and the good reputation. I always

considered it to be and consider it till now, that one should have clear vision of how he is going to pay back all the amount that he had borrowed. «TAIF» works carefully on each of its investments and invests its money first of all in such projects that promise high and guaranteed income, as, for example, in the sphere of telecommunications. We are very careful when choosing our business partners, that results in our cooperation with only stable structures. Through all the years of its history «TAIF» has attracted loans and credits for about RUR 3.1 bln, received the commodity loans for over RUR 1 bln. Thus, more than RUR 4 bln of the obtained funds were invested in the development of production in Tatarstan.

**– You succeeded in establishing strong and highly-professional team. Please, describe your policy in staff recruitment and training.**

– More than 3,500 people work in the companies of TAIF GROUP today. But, notwithstanding the subdivided & diversified structure of «TAIF», its staff represents a team with one unified strategy and one common goal. We are ready to involve in practically any deed, even the most cost-plus, to make it the profitable one. It has a result, because we, from the very beginning, paid much attention to the recruitment and training of our emp-



loyees. We're very concerned about the recruitment of staff and invest significant volumes of money to the training of our employees. Our most important value is our people. It is impossible to work on good strategy of the development and to solve serious tasks in the market economy without intelligent, initiative, highly-qualified economists, lawyers, accountants, managers.

– **What else, other than payments, stimulates the employees of TAIF for high results of their work?**

– To be honest, even the monetary stimulation of our staff is on the worthy level. But the creative, positive atmosphere of the team is also very important fact. And this is, primarily, the mission being set for the top managers. As for me, I always try to find a minute to talk with some of our young representatives. I ask them about their families, whether they have any problems etc. People appreciate such attitude highly. Besides, one of the important points here is a principle of «employment-related democracy» when the transparency of relations between the employers & their employees becomes the main factor of such relations. A member of TAIF company should have its own personal opinion, can disagree with the opinion expressed by the management, and should have to persist on its opinion if he is really right.

Another good tradition of our company is to gather together

several times a year to celebrate our holidays with a glass of champagne. At those moments, the eyes of our employees express honor to the fact of working with TAIF. This is very pleasant. And I, as well, feel proud for the fact that our efforts, our successes in the business find their worthy esteem. One of the recent examples: in this March TAIF was nominated for honorary French reward «Golden Medal of the Industry Development Association» based on the Decision made by the Board of Directors of «Federal Guidance of Russian Federation».

– **What are the strategic development plans of «TAIF»?**

– Summarizing our results for the five and a half year period, it is recognized that TAIF GROUP for this period of time has become one of the leaders of the Tatarstan economy. It has realized several large-scale projects that received a wide response in Tatarstan. PSC TAIF is among top-five companies of the petrochemical sector of Tatarstan in terms of few companies' key figures such as balance-sheet profit, volume of export and capital investments, where such companies as «Tatneft», «Kazanorgsintez», «Nizhnekamskneftekhim», «Nizhnekamskshina» are represented. «TAIF» keeps its stable first position in the Republic in terms of such indexes as balance-sheet profit or capex per capita.

We've made a lot during all these years but it's still the be-

ginning of our way. We see the new horizons, projects, achievements... The perspective of TAIF is to become a purely investment company that would support the most socially important and effective business-projects. But both five years ago and now the main task of TAIF is the maximum use of people's, industrial, and natural resources for the development of economy and prosperity of the Republic of Tatarstan.

– **Can we say that this is the mission of TAIF?**

– I think that quite enough has been said about the results of our work. At the same time, the feeling that everything we have done was easy is fallible. We work hard, overcome a plenty of obstacles on our way ahead but we never stop developing. One simple fact helps us to move forward with confidence and dignity. It is written in the motto of TAIF Group: Power for the common good!

Our main strength is that we know how we should work. We are able to Work, Do, and Create. But the most important point is that we know the reasons why we do all these things. We aim to see all our companies with maximum profits and our state with maximum taxes. For the five and a half year period of its activity, TAIF has paid more than one billion of rubles to all level budgets. The company's shareholders received RUR 121 mln of dividends within the last three years. The major part of this figures – more than a half of them – was paid to the Republic, as the State Property Committee is the main shareholder of «TAIF».

Thus, the work and the development of TAIF, its subsidiaries and the development companies contribute, directly or indirectly, to the improvement of the economic and social environments and people's welfare. The mission of PSC «TAIF» is to stand first among the companies responsible for the progress in Tatarstan and Russia.