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### 1. KEYWORDS

Russia, Trade Council Russia, machinery, technology, nanotechnology, electronics

### 2. ABSTRACT

The machinery and technology sector in Russia provides significant export and joint venture possibilities for Danish companies. Despite recent economic challenges, including ruble devaluation, Russia is still a very large market for production and construction machinery, ICT solutions (both hardware and software), and consumer electronics.

### 3. MACHINERY AND TECHONLOGY

Russia's total capital expenditures in January-November 2014 amounted to RUB 11 trillion (EUR 146 billion at current rates), while imports of machinery, equipment and transportation vehicles during this period were worth EUR 110 billion.

In the short- and medium-term significant state investments in infrastructure projects and newly adopted "import replacement" programs will be the main drivers behind strong demand for foreign equipment and know-how. In the longer term, Russia has good chances to improve economic performance, while additional exciting market opportunities will arise from the transformation of the Customs Union (Russia, Belarus, Kazakhstan) into the Eurasian Economic Union (Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan).

#### **Machinery**

Russia's manufacturing sector is a mix of production facilities dating back to the Soviet Union times and modern production plants built during the last two decades and based mostly on foreign technologies. Older plants often require complete re-design and all-new equipment to continue operations, while newer facilities need continuous upgrades to remain competitive. Construction of new manufacturing plants, warehousing and distribution facilities is also regularly started even despite current foggy perspective of the country's economy. And foreign suppliers are often the only source of state-of-the-art production technologies, machinery and solutions for all these projects.

Among specific segments where Danish machinery and expertise is especially in high demand there are food production, metalworking, wood processing and several others.

It should be noted that penetration of the Russian market requires physical presence in the country with own sales offices and/or sales representatives or via a solid partnership with a strong local distributor.



### **Infrastructure**

Federal “focused” capital spending program amounts to RUB 1.02 trillion in 2015, RUB 900 billion in 2016, and RUB 916 billion (more than 120 billion EUR annually) in 2017.

The focus is on all types of transportation infrastructure (airports, highways, seaports, railways), as well as on cultural, educational and sports facilities (stadiums for the World Football Championship, museums in Moscow and St. Petersburg, federal universities in major cities).

Interesting opportunities for foreign suppliers of machinery and technology arise in connection to public-private partnerships with international participation taking over highway construction and management. Special attention of the Russian government to expansion and modernization of airports and railroads in large

Russian cities could also generate demand for solutions and machinery from Danish vendors.

### **ICT and consumer electronics**

The ICT sector in Russia is well developed and diversified. Demand for ICT systems from all the sectors of the economy and also the public sector continues to be very strong.

Danish companies developing niche software and hardware solutions can play a significant role. However, in most cases entering and building presence on the Russian market for ICT solutions in many cases will require developing partner relations with a well-established Russian systems integrator.

Most promising opportunities could be found with the hardware segment, where Russian domestic ICT industry is traditionally not very strong while Danish companies have strong expertise especially in niche products, as well as in such segments as data hosting and SaaS.

High-end consumer electronics is another market of significant interest for Danish companies. Russia's well-to-do and ultra-rich households are eager to purchase expensive high-quality and "designer" products and represent a welcome public for new state-of-the-art product offerings. In total, Russians spent RUB 1.47 trillion (EUR19.6 billion) on consumer electronics, appliances and gadgets in 2014.

## **4. JOIN THE TECHNOLOGY CLUB**

The Technology Club, an initiative launched by the Trade Council, promotes Danish interests on the Russian market for machinery and technologies.

The club helps Danish companies in following developments in the Russian technology and industrial sectors, assists them in establishing contacts to potential partners and authorities, and contributes to maintaining strong relations with existing Russian clients and stakeholders.



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The Trade Council is a part of the Ministry of Foreign Affairs and is the official export and investment promotion agency of Denmark. The Trade Council benefits from around ninety Danish Embassies, Consulates General and Trade Commissions abroad. The Trade Council advises and assists Danish companies in their export activities and internationalisation process according to the vision: Creating Value All the Way. The work in the Trade Council follows specific procedures and quality guidelines. In this way our customers are secured the best possible quality under the varying working and market conditions at any given point of time.

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