

**Interview Transcription**  
**Alexander Kogogin**  
**General Director for Kamaz**  
December 2007 – «United World»  
To be published in the **USA TODAY**

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**UNITED WORLD (UW): We would like to begin the interview with a historical perspective. In 1969 Kamaz was founded in the Soviet Union in order to fill the demand for freight vehicles. What role did Kamaz play in terms of developing the industry and economy of the Soviet Union?**

SERGEY KOGOGIN (SK): In the Soviet period, there were two problems: first, Russia produced trucks with load capacities of up to five tons, certainly not enough, and secondly, there was no mass production of diesel engines. To tackle this, government plans pursued two objectives: raising the load capacity of trucks and their conversion to diesel fuel. The first step in this direction was the establishment of Kamaz, first in the city of Krasnoyarsk and subsequently moved to Naberezhnye Chelny in the Republic of Tatarstan.

**UW: What were the prerequisites considered in order to select Naberezhnye Chelny as the new home for Kamaz?**

SK: The Republic of Tatarstan has always boasted high intellectual capital, especially Kazan. Additionally, Tatarstan has an advantageous geographic location and has traditionally been considered the Asian center of Russia. Kazan State University (KSU) is, and has long been, one of the top educational institutions in Russia; in fact, the scientific capacity for World War II was largely formed there. Moreover, many research institutions were located in Tatarstan as well as large industrial enterprises. Mr. Tabeev, a former first secretary of the regional party committee of Tatarstan, proposed the relocation of Kamaz to Tatarstan mainly advocating an advantageous geographic location and an exploitable intellectual capacity. At the time it became the biggest factory for the production of trucks, it was truly unprecedented.

The population of Naberezhnye Chelny 35 years ago was 35,000; today, approximately half a million people live here and it has become the 30<sup>th</sup> largest city in Russia. Basically, before embarking on a project it is necessary to estimate the possibilities for its realization. Tatarstan was estimated as a place wherein the chances for success were maximal.

**UW: You were a Minister for the Republic of Tatarstan before becoming the general director for Kamaz in 2002. Since this year onwards you succeeded in pulling the company out of its crisis during the 1990's default. Today, Kamaz enjoys an important turnover and strong incomes.**

**Could you name the basic difficulties you came across in managing the company out of crisis? What helped you make the company what it is today?**

SK: I have always been a businessman and my trip to the state structure was short. I was involved in the government for 8 years, and, in fact was also a crisis manager. President Mintimer Shaymiev formed an anti-crisis program with a group of men around the age of 40, which included the current Prime Minister, Rustam Minnikhanov and myself. Together we devised and implemented an anti-crisis program for the republic. Later, they found me another position as a crisis manager in Kamaz. From my point of view, it was perfect timing and I consider it a success in my life.

Regarding Kamaz, it has experienced ups and downs. It was impossible to compete with Kamaz in those days because we sold our trucks worldwide at a price of USD10,000. Unfortunately however, the company was severely affected by the general financial and industrial crisis in our country. Also at that time there was a terrible accident that occurred at the engines plant, it caused serious financial damage to our company and production was suspended.

Serious measures have been taken to extricate Kamaz from financial crisis, and they partially have been realized. When I took over Kamaz, the main problems were: a large debt that amounted to USD1.14 billion and 9-months debts on wages. In spite of the

fact that we managed to reschedule basic debts thanks to creditors, the company again started to experience difficulties, first with selling, secondly, with the covering of subsequent debts.

We didn't have time to dwell on how to resolve our problems; we had to act. So we quickly implemented an anti-crisis program. It was a situation in which I couldn't share my plan with anyone and kept it to myself. Actually, shareholders then took a very passive role, and all risks were my personal ones.

The direction chosen for the company was the correct one. Stocks accounted for 50 rubles per piece, today they account for over 100. The company's financial recovery program was completed on the 31<sup>st</sup> December 2005. In fact, when I started to work here, the shares traded at 27 cents; today they are worth over 4 dollars.

**UW: Kamaz is a unique company in Russia and particularly in Tatarstan. It is a top exporter and has managed to persistently increase sales. To some extent, Kamaz is a symbol of the Russian Federation. Do you see the flagship of Kamaz, representing not only the Russian Federation but also Tatarstan in particular?**

SK: The Kamaz brand image has been generated through our short but colorful history. Our image, in the eyes of our partners and our customers from all over the world, lies in our successes. In fact we managed to increase the production volume for 20% every year. That is how we gained respect from our suppliers and consumers. This success indeed is our main image.

**UW: We know that Kamaz is a permanent participant in the international rally, such as the "Dakar-Cairo", "Paris-Moscow-Beijing" and the most famous rally the "Paris-Dakar". How does this affect the image of the company? And what is the impact of such events on the business?**

SK: Successes in this kind of popular sport promotes popularity of our brand and the company as a whole, certainly so. Our company's employees are ready to give a part of their earnings for Kamaz to participate in these races and win. This is very symbolic for us.

From the point of view of expenses, it is a big burden for us, but we do not participate in many other competitions; we only participate in this sport which we dominate and which we support, motor rally.

For the rallies, our company creates special trucks on the basis of our mass-produced trucks, and it helps us in developing our products, because this competition is in fact a critical test. Making our Kamaz trucks successful in the Dakar guarantees resistance, durability and quality. It also gives us prestige.

**UW: In your opinion, what opportunities are there for American investors to cooperate with Kamaz, and what investment opportunities do you see in the Republic as a whole?**

SK: If we assess the investment climate of our Republic, I appreciate it as a very positive one. Concerning direct investments in companies, everything can be solved quite simply, because there are different types of businesses here, all we need to determine is what kind businesses American companies want to deal with. I think your publication will help potential American business partners see what kinds of investments are needed in Tatarstan.

Regarding the investment portfolio, this is more complicated because the formation of Russia's stock market is still in an initial stage. There are many companies in Tatarstan, which already trade at stock exchanges, but European or American investors are almost only interested in blue-chip companies.

Although, our subsidiaries already have many partners who have invested money in our investment portfolios – for example Everest Bank or Deutsche Bank – they are not shareholders of our head company.

To me it is very gratifying that the assembly of shareholders and board of directors always support Kamaz completely. We always exceed their expectations as our production volumes grow at a much quicker pace than they expect.

**UW: What final message would you send to our readers?**

SK: Russia today is a country that is ready to take in anyone who wants to invest and work here. Our government in Tatarstan has an open door policy; our partners have a very positive experience in working with us.

Traditionally, Kamaz has worked with German companies, but I can say that there is a lot of space for American companies, too. For example, we have partnered with Cummins. Cummins enables us to master new models of engines and we help Cummins become stronger in the Russian market by being their advertising agent, and in common creating a service network for these engines.

So, I can say one thing: Welcome to Russia!