

Table 1 Details of tobacco industry investments in Russia

Date	Acquisition	Initial capacity (cigarettes)	Post investment capacity (cigarettes)*	Initial share, % (final share, %)	Investment (\$)
RJ Reynolds					
(RJR)/Japan Tobacco International (JTI)					
1992	RJ Reynolds buy Petro tobacco Factory in St Petersburg and form the RJR-Petro Tobacco Factory, Russia's largest production facility	15bn	50bn	52 (70)	Total investment by 1998 \$330 M (Petro factory reported as being acquired for only \$25M)
1994	RJR buy Yelets tobacco processing plant in central Russia	3000 tonnes	NA	49	Reconstituted tobacco
1995	RJR controlling interest in Armavirtabak, in Krasnodar region	4bn	NA	NA	
1998	RJR invests in RJR-Petro Tobacco Co. to increase production	See above	See above	--	>\$120M
Philip Morris					
International (PM)					

Date	Acquisition	Initial capacity		Post investment capacity		Initial share,
		(cigarettes)	(cigarettes)*	(cigarettes)*	(cigarettes)*	% (final share, %)
1993	PM buy plant in Krasnodor southern Russia	2bn	31bn	49	(80)	\$60M
1993	PM acquire Samara plant in Moscow	4bn	NA	NA	NA	NA
1993	PM build Vyborg plant in St Petersburg.	--	10bn			\$100
1998	PM reconstruct Krasnodor factory to increase production	See	See above			\$40
	Reconstruction completed in 2000	abo	ve			
2000	PM open new cigarette factory (Izhora plant) on outskirts of St Petersburg –the largest of PMs 3 Russian facilities.	--	25bn			\$330M
BAT & Rothmans						
International (which was acquired by BAT in 1999)						
1993	Rothmans acquire Nevo plant in St Petersburg	8.8	10bn	75		\$85 M
		bn				
1994	BAT buy Saratov plant in Saratov	5bn	10bn (in 1996)	75		\$40M

Date	Acquisition	Initial capacity		Post investment capacity		Initial share,
		(cigarettes)	(cigarettes)*	(cigarettes)*	(cigarettes)*	% (final share, %)
1994	BAT buy Java plant in Moscow second biggest cigarette factory in Russia	11.7bn	30bn	85	\$70M	
1997	Rothmans announce opening of new cigarette manufacturing plant in Konnaya Lakhta industrial zone north-west of St Petersburg	--	10bn		\$80M	
1997	BAT modernises its cigarette plants in Java & Saratov Russia	See above	See above	See above	>\$150	
1998	Further investment approved for Java and Saratov	See above	See above	See above	\$65M	
Gallaher/Liggett-Ducat (which was bought by Gallaher in 2000)						
1993	Liggett Brooke acquire Ducat plant in Moscow and establish	10.20.3bn	(in 1998)	70	NA (\$4m later invested)	

Date	Acquisition	Initial capacity (cigarettes)	Post investment capacity		Initial share,	Investment (\$)
			(cigarettes)*		% (final share, %)	
	Liggett- Ducat		5bn			
1999	Liggett-Ducat inaugurates new cigarette manufacturing plant in Moscow	--	>40bn			\$85M
2000	Gallaher reported to have further invested in this plant	--	--			\$60M
Others						
1998	Reemtsma purchase majority share in cigarette factory in Volgograd	NA	Planned 20bn by 2002	NA		\$100M
Totals			61	260.3		>\$1719M

Sources: [7, 11, 42, 43, 90–103]

*where figures for post investment production are not available, it is assumed that pre-investment levels apply

NA, Not available

†Market share data: Corrao *et al*