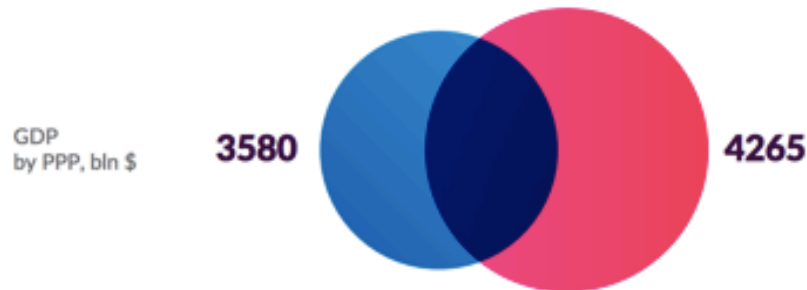
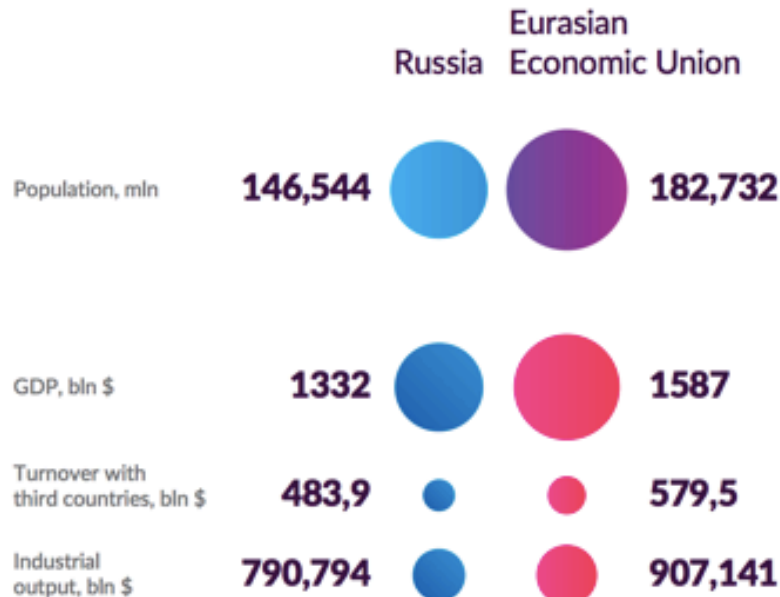


INFRASTRUCTURE AND TOOLS FOR FOREIGN INVESTMENTS IN INDUSTRIAL SECTOR IN RUSSIA

Denis Zhuravskiy



RUSSIA IS THE GATE TO TO EURASIAN ECONOMIC UNION



4

reasons for doing business in Russia

- Domestic demand is still growing
- Export potential
- Natural resources
- Short-term growth drives





Export potential

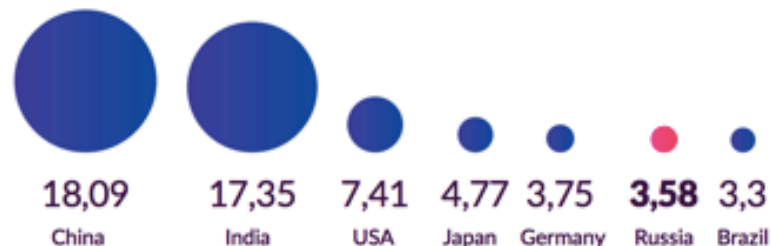
Export growth of 28% from 2013 to 2016, 498 billion US dollars, 19,4 \$ bln of them - agricultural production.

Domestic Demand

7th biggest consumer market in the world. The volume of public procurement in Russia in 2015 is estimated at 25 trln RUR (only for localised production). Automotive market in Russia - 1,6 mln. vehicles in 2015 (7th place in the world)

GDP by PPP (purchasing-power parity) - **3,58 trln.\$**
(**6th** in the world in 2015)

Projected growth for 2020 - **4 trln.\$**



Natural resources

- Oil **1 place in the world, 534 mln tonnes,**
- Gas **2 place in the world, 633,4 bln.m3,**
- Steel **5 place in the world, 71,1 mln tonnes,**
- Aluminium **2 place in the world, 3,601 mln tonnes,**
- Wood **25% of world reserves**

Average cost of construction

of manufacturing premises (m2) **550 \$**

Average salary in Russia

engineers **600 \$**
technical staff **400 \$**

Cost of energy

Grid connection (for 1 MW) **262725\$**
Energy consumption (for 1 kWh) **0,04\$**
Gas consumption (for 1 m3) **0,06\$**
Water consumption (for 1 m3) **0,46\$**



NEW INDUSTRIAL POLICY

Government

The Federal law on industrial policy in Russia № 488-FZ



Special investment contract



Network of funds for industrial development



«Russian-made product»



Development of production infrastructure



State industry information system



Private investor



Establishment or modernization of industrial production



High-performance workplaces



Production of innovative products



SPECIAL INVESTMENT CONTRACT

Special “tax heaven” regime for investors in Russian industrial and technology sector established by federal, regional and municipal authorities

Flexible mechanism aimed at balancing strategic priorities of the government industrial policy and interests of industrial and technology investors

Clear written long-term “rules of the game” guaranteed to investors by Russian government



Special investment contract is a unique Russian government tool to boost financial attractiveness of Russian industrial and technology sector for investors that move production or transfer technology to Russia



MADE IN RUSSIA

- Different stages of industry development
- Features of technical and technological processes of production
- Other factors

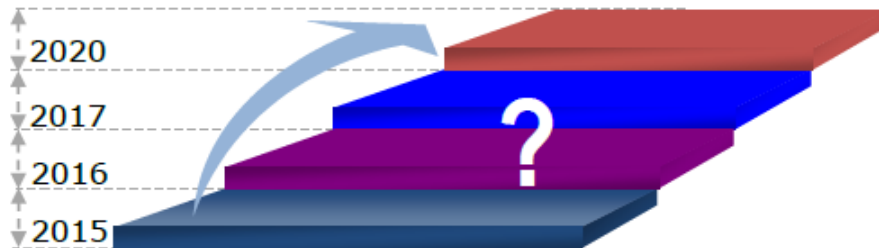


It is **counterproductive** to apply unified rules of determining the country of origin of goods to impose bans and limitations in the sphere of public procurement

Framework Decree № 719

Component	Technical operations	Alternative conditions
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Imposition of increasing requirements in time



- Criteria of Russian-made product definition;
- Gradual increase of requirements for Russian components in value added (the number of mandatory technological operations);
- Flexible approaches to the means of validation of origin of goods;
- «Special soft localization» (special investment contract allows to achieve the required level of local content later);
- extension of industrial perimeter

Existing industries:

- Machine-tool industry; car manufacturing;
- Special machine industry; heavy engineering;
- Photonics and lighting engineering;
- Power engineering, electrical and cable engineering

Involvement of other industries:

- Medical and pharmaceutical industries;
- Consumer goods industry;
- Shipbuilding industry, etc.



GOVERNMENT SUPPORT FOR INVESTMENTS

SUBSIDIES TO INDUSTRIAL ENTERPRISES FOR PAYMENT OF INTEREST ON LOANS

SUBSIDIZING PART OF R&D COSTS
(DECREE OF THE GOVERNMENT OF THE RF NO. 1312)

STATE GUARANTEES FOR INVESTMENT PROJECTS
(DECREES OF THE GOVERNMENT OF THE RF NO. 1016 and 1017)

GUARANTEES ISSUED BY THE STATE FOR MORE SUSTAINABLE ECONOMIC
DEVELOPMENT (RGRF 825)

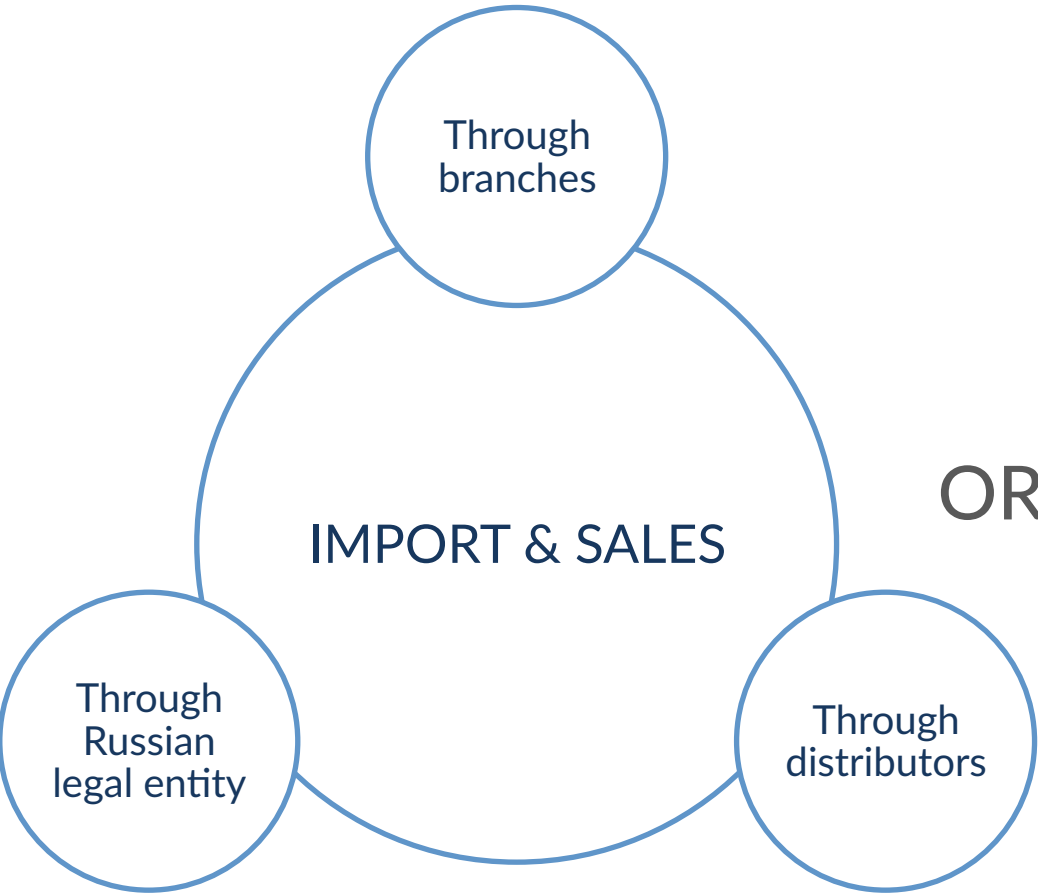
SUPPORT TO THE LIGHT INDUSTRY
(RESOLUTION 894 BY THE GOVERNMENT OF THE RF)

SUPPORT TO AGRICULTURAL MACHINERY MANUFACTURERS (RGRF 1432)

PREFERENTIAL LOANS FOR HIGH-TECH PRODUCT MANUFACTURING
(RGRF 1302)



HOW YOU TRADE IN RUSSIA



HOW YOU MAKE IN RUSSIA

JOINT VENTURE

creation of a co-venture involving Russian and foreign companies and further organization of production within SPV



OWN PLANT CONSTRUCTION

creation of own productive capacities, operated by a subsidiary of an international company

CONTRACT MANUFACTURING

an output of customized products using capacity of an independent manufacturer, who ensure full compliance with technological cycle and quality control of ready products in accordance with the customer requirements



LOCALIZATION OF OWN PLANT

Industrial parks

GREENFIELD

- engineering updated site for new construction
- easy to customize infrastructure
- most appropriate for big and medium size of business
- a large number of industrial parks in the territory of the Russian Federation
- tax benefit

BROWNFIELD

- already existing energy facilities, buildings and infrastructure
- fast solution for placing machineries and production lines
- most appropriate for medium and small size of business
- a large number of industrial parks in the territory of the Russian Federation
- tax benefit

Special economic zones

- established in accordance with Federal law sites
- tax and customs benefits
- special entering process
- reduced rates for real estate, and also rental rates

Investment sites

all the rest
(not defined option with wide variety of opportunities)



NATIONAL STANDARD OF INDUSTRIAL PARK IN RUSSIA

AREAS OF APPLICATION

- 1** Industrial parks
for maintaining quality standards
- 2** Investors
As a site selection tool
- 3** Authorities
while selecting projects
for government support
- 4** Investment banks
for project evaluation

KEY SECTIONS



Annual Review of industrial parks 2016 as well as majority of state support measures consider industrial parks which meet requirements of the National Standard of the Russian Federation "Industrial Parks. Requirements" GOST R 56301 – 2014.

All represented industrial parks are divided into two main types:

1. OPERATING

industrial park which has all the mandatory features of the industrial park provided in the National Standard.

2. DESIGNED

industrial park where one or a few essential characteristics, specified in the National Standard, are not ready, but it provided the project documentation approved by the state examination.





Sector Overview

INDUSTRIAL PARKS OF RUSSIA

Issue 5
2017

51 regions

23500 ha

725 bln RUB
Investments

1:7

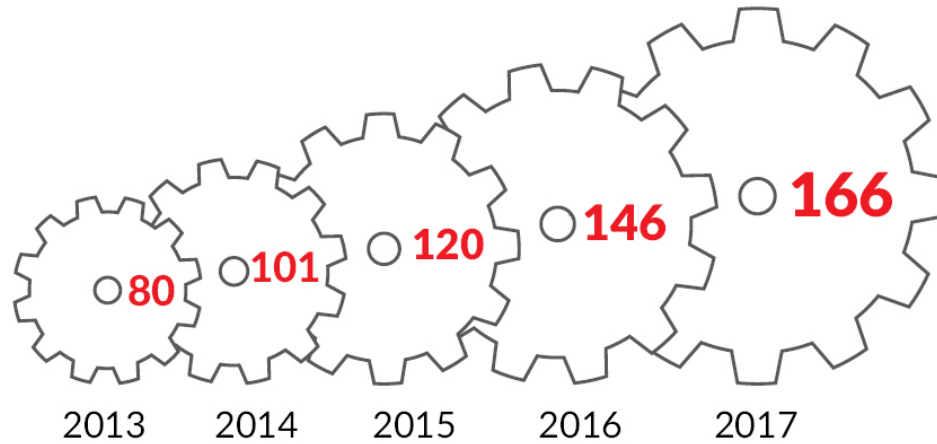
2100
residents

125000
Jobs

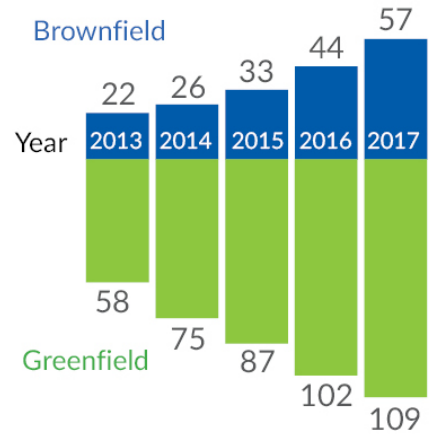
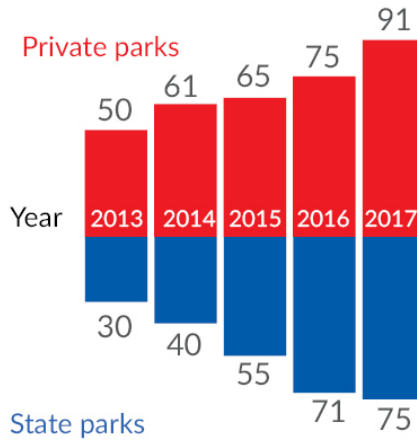
YEARS OF GROWTH!



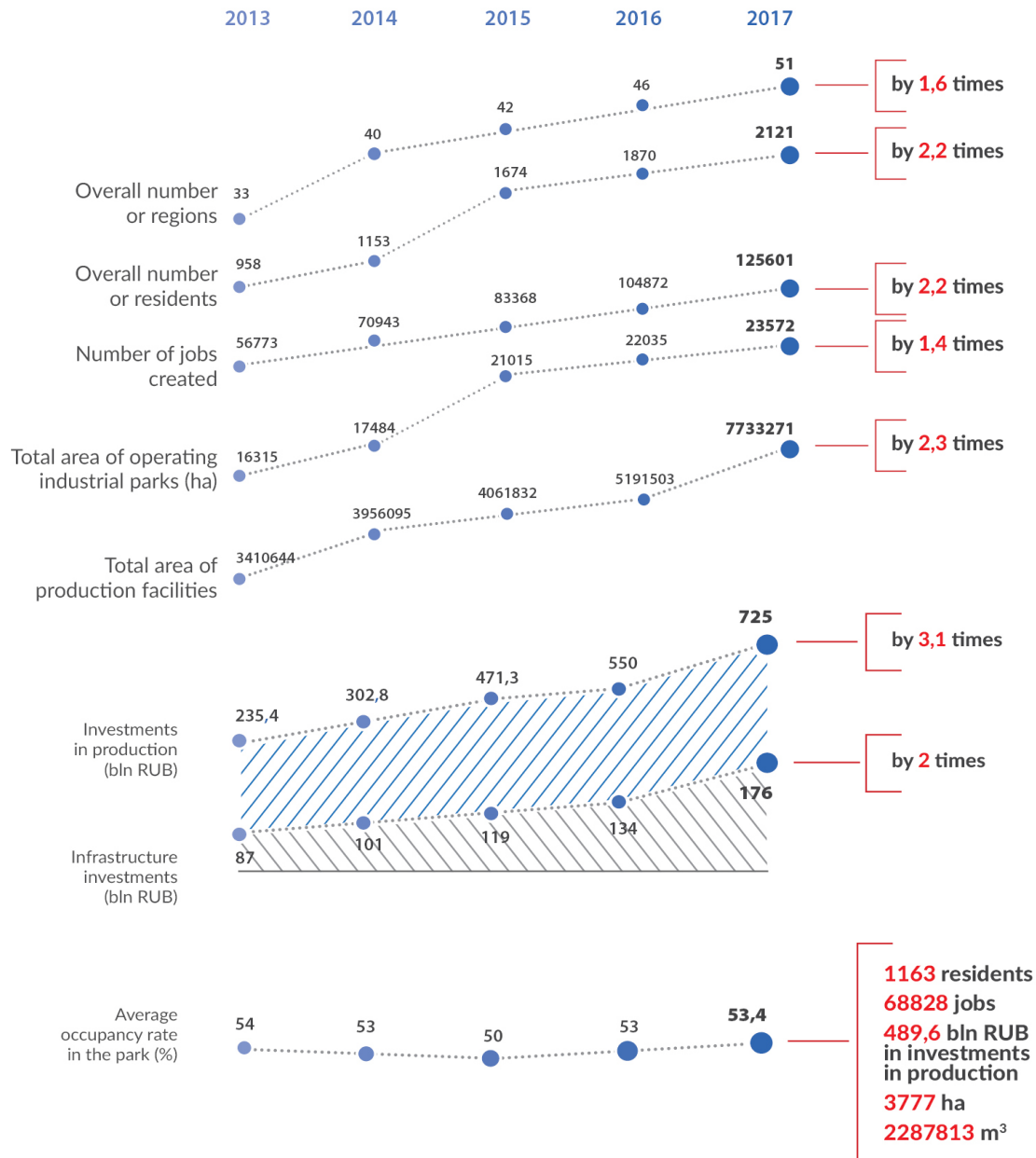
INDUSTRY DEVELOPMENT 2013-2017



Size of the sector doubled

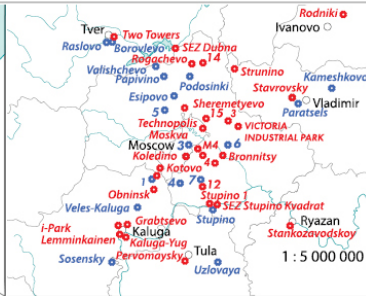
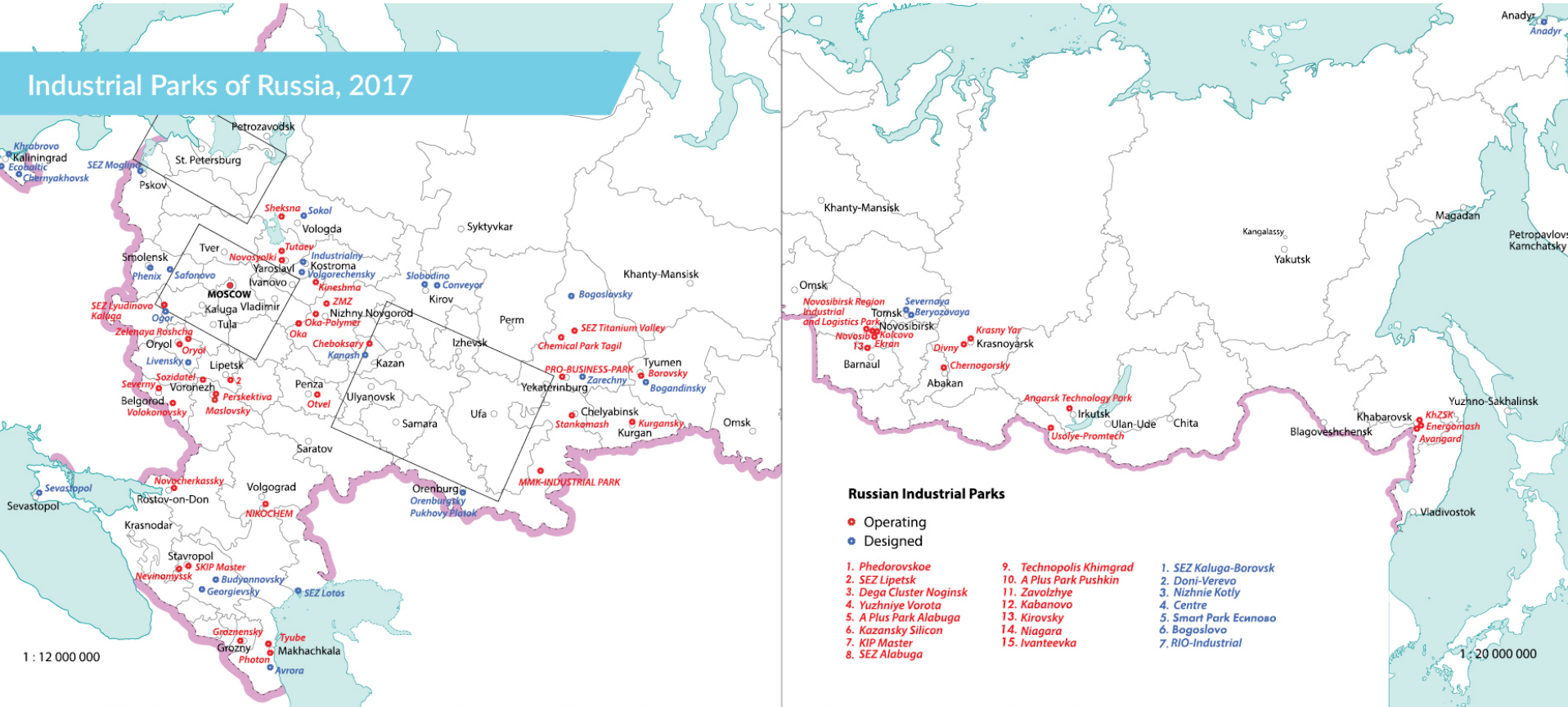


KEY INDICATORS OF THE INDUSTRY 2013-2017



THE MAP

Industrial Parks of Russia, 2017



LOCALIZED FOREIGN COMPANIES IN INDUSTRIAL PARKS IN RUSSIA

275 foreign companies from **27** countries localized production in the operating industrial parks that constitutes 14% of all resident companies of industrial parks of Russia

COUNTRY	NUMBER OF COMPANIES
Germany	74
USA	35
Japan	19
Turkey	17
France	14
Italy	11
Finland	10
China	8
Other	80



GEOINFORMATIONAL SYSTEM OF INDUSTRIAL PARKS

WWW.GISIP.RU

GEOGRAPHIC INFORMATION SYSTEM
INDUSTRIAL PARKS. SCIENCE PARKS. CLUSTERS.

About the project

SEARCH

PRINT

EDIT

SHARE

UK

PARKS 239 of 239

Industrial Parks Science and Technology Parks

Operating Under designing Intentions

Subject of the Russian Federation (constituent entity)
Not selected

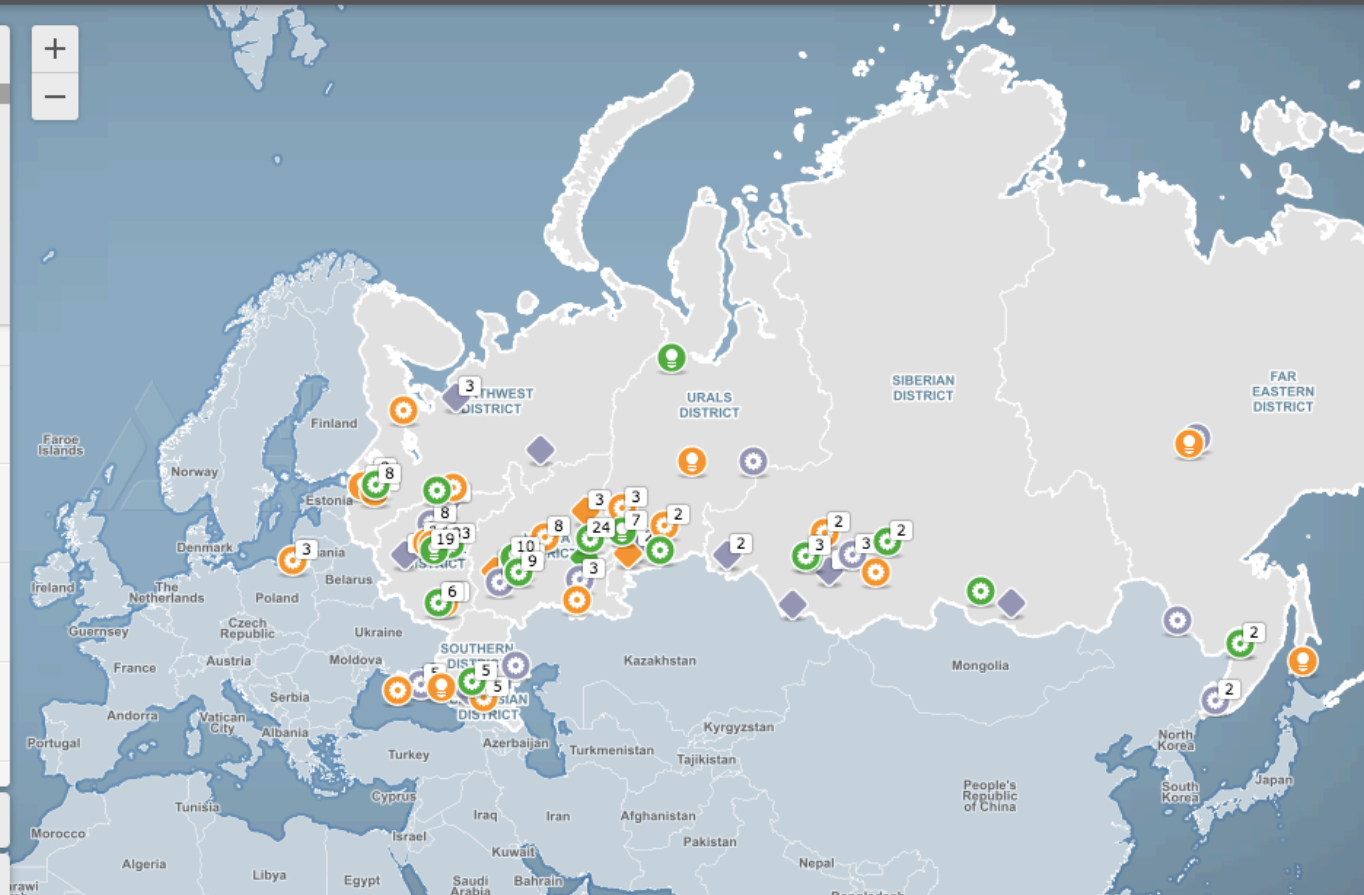
Additional filters

Name Area

- A Plus Park Alabuga**
Republic of Tatarstan
36 Ha
- A Plus Park Kolpino**
Saint Petersburg
16 Ha
- A Plus Park Pushkin**
Saint Petersburg
8.3 Ha
- A Plus Park Shushary**
Saint Petersburg
72 Ha
- Aidol**

CLUSTERS 48 of 48

INFRASTRUCTURE 0 of 523



The map displays the geographical distribution of industrial parks and clusters across Russia. Markers are color-coded: green for Science and Technology Parks, orange for Industrial Parks, and purple for Clusters. Numbers are placed next to many markers, likely indicating the count of parks or clusters in that specific region. The map includes labels for various Russian districts such as Northwest, Urals, Siberian, Far Eastern, Southern, and Southern Federal Districts, as well as neighboring countries and regions.





Denis Zhuravskiy
CEO



Yana Leles
Head of international affairs

Association of industrial parks is a sector non-profit organisation established in 2010, uniting the majority of industrial parks of Russia as well as service suppliers in sphere of production localisation and industrial construction.

130 ENTITIES

89 INDUSTRIAL PARKS

45 RUSSIAN REGIONS

SECTOR ANALYTICS

CERTIFICATION OF INDUSTRIAL PARKS

MORE THAN 20 INDUSTRY EVENTS PER YEAR

EXPERT CONSULTANCY ON INDUSTRIAL PARK CREATION AND LOCALISATION OF PRODUCTION

LOBBY

ATTRACTION INVESTORS IN INDUSTRIAL PARKS AND SEZ

CENTRE OF EXPERTISE FOR INDUSTRIAL INFRASTRUCTURE AND LOCALISATION

OUR PARTNERS



MINISTRY OF ECONOMIC DEVELOPMENT
OF THE RUSSIAN FEDERATION

SERVICES OF THE ASSOCIATION OF INDUSTRIAL PARKS

SITE SELECTION FOR LOCALIZATION OF PRODUCTION

- Comparative analysis of the regions, based on the objectives of the project
- Comparative analysis of the regions, based on the objectives of the project
- Comparative analysis of the regions, based on the objectives of the project

GR

- Ensuring cooperation with the authorities in accordance with the law
- Assistance in providing state support for investment projects
- Preliminary study of investment agreements
- Providing support to projects in the implementation phase

SPECIAL SECTOR CONSULTING

- Procedures for connecting to the utilities networks in Russia
- Land and land management regulation
- Issues of industrial construction (permits, approvals, involvement of partners)
- Exchange of experience, best practices
- Attracting international partners to implement projects in Russia

TODAY YOU WILL MEET RUSSIAN PARTICIPANS



MARIA NUIKINA - Irkutsk region investment development

IRKUTSK REGION

Irkutsk region investment development is an "assembly point": on the one hand, it collects information about projects that look for partners for financial or technological participation, and on the other hand it accumulates suggestions of the institutional and private investors, institutions for development and support.



VALERY SHATALIN - Industrial park Stupino 1

MOSCOW REGION

STUPINO INDUSTRIAL PARK organises and implements the entire construction process from the very first idea to its very completion. The company constructs **BUILT-TO-SUIT INDUSTRIAL BUILDINGS** in minimum time upon client's request.



OKSANA SIIILKINA - Industrial park Stankozavodskoy

RYAZAN REGION

The industrial park "Stankozavodskaya" is a unique project for the Ryazan region - it is a territory with a complex of guild and administrative buildings prepared for leasing to enterprises of various industries. The industrial park is located in the city of Ryazan, 180 km from Moscow, in the industrial zone



OLEG LOMAKIN - Strong Buildings

TAMBOV REGION

The production enterprise Strong Buildings has been working since 2007 and offers ready-made solutions for prefabricated hangars that can be used as agricultural facilities, warehouses, garages for large vehicles, etc. The Strong steel building complex is the main load-bearing structures, the wall and roofing runs, roofing and wall systems, accessories and effective thermal insulation.