

Access to Russian Market. Localization of Production in Russia

Experience of Sverdlovsk Region



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SVERDLOVSK
REGION



DEVELOPMENT CORPORATION
SVERDLOVSK REGION



Sverdlovsk region



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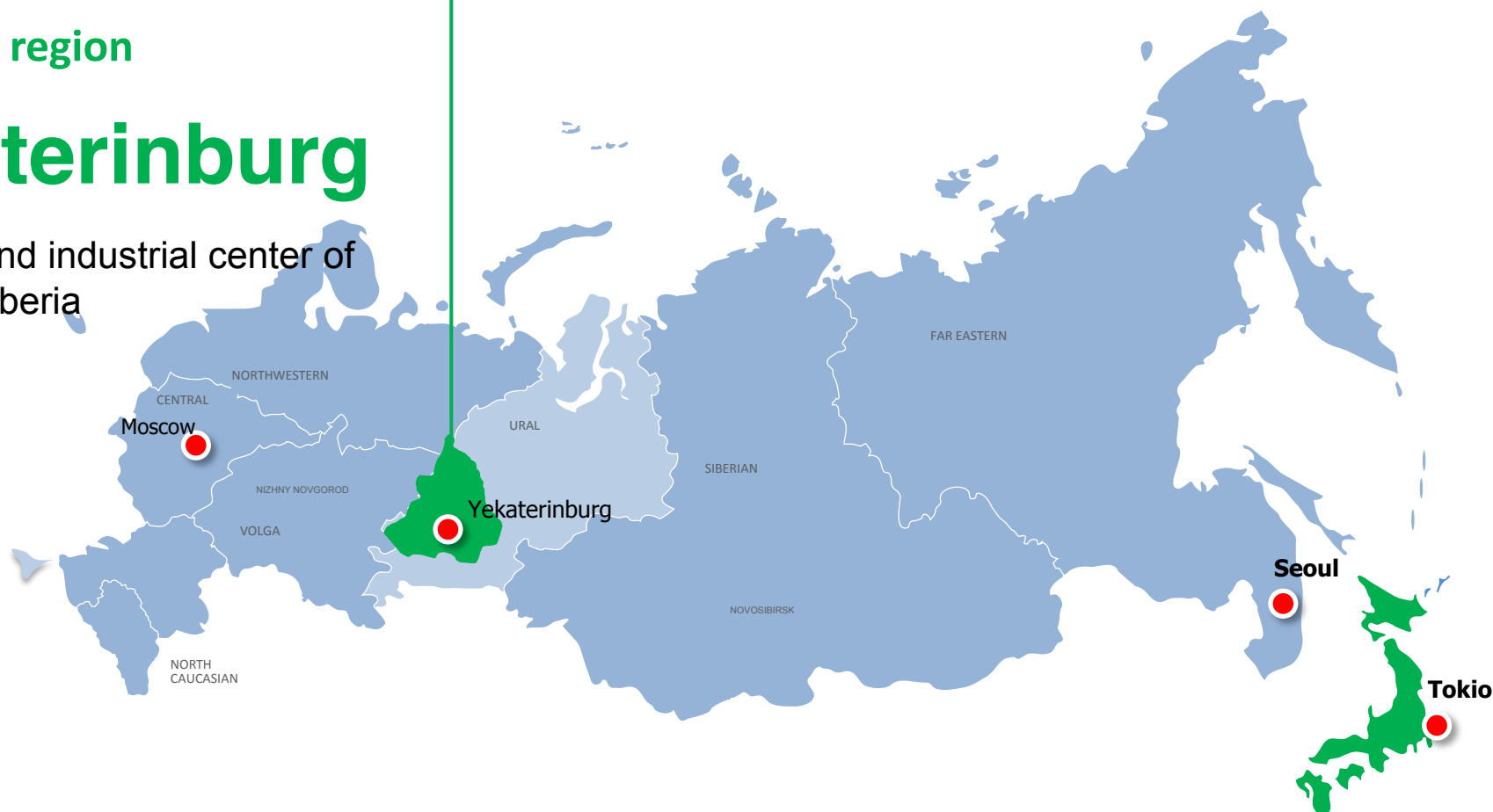
4.24 million

live in the region

Yekaterinburg

Business and industrial center of
Ural and Siberia

Leading region of Ural Federal District





High developed industry



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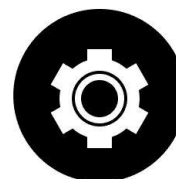
**Level of industrial
production**

up to **4** times

**higher than the Russian
average**



Metallurgy



Machinery



Chemical industry



**Pharmaceutical
industry**





World multinational leaders doing business in Sverdlovsk region



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2015
CHINA

2016
INDIA



2017
JAPAN

2018
KOREA



INNOPROM
JULY 10-13, 2017

INNOPROM PARTNER COUNTRY

National exhibition:

corporate and regional stands

Business program:

participation of regional and business leaders in conferences, discussions, b2b meetings and presentations of companies and territories

Cultural program:

traditional and modern art: music, dances, cinema, theater and national cuisine



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RUSSIAN GOVERNMENT GIVES PRIORITY TO FOREIGN COMPANIES WITH PRODUCTION IN RUSSIA



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There are special registers with products and services that Russian Government would like to localize in Russia.

Companies who start to produce these products in Russia will be given an advantage in the market



More than 1000

types of products from different
industries



Special restriction to sell foreign products on public procurements are implemented



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545 bln. USD

volume of public procurements and
state-owned company procurements

Example:

If there are 2 or more local
producers of a medicine, than
foreign companies are not allowed
to bid on new procurements





State-owned corporations limit foreign suppliers and «push» them to start manufacturing in Russia



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63% to 40%

by 2020

Planned rate of decrease in foreign suppliers to the oil and gas industry in Russia

State-owned corporations have their own registers of products to localize in Russia





Government gives special tax incentives and subsidies to foreign companies who produce their products in Russia



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Example:

Subsidy for farmers who buy locally produced agricultural equipment

up to 30%

of the full equipment price





**Certainly starting
production in
Russia gives
your company
access to a
large market**

But there are few questions:

- Start the business alone or with a partner?
- Where to place the production plant?
- Where to find qualified suppliers?
- How to meet the requirements of public procurements and procurements of state-owned corporations ?
- How to obtain incentives and subsidies?

Special agency to assist foreign companies



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- state agency for
investment promotion



We help foreign companies to launch production in Russia and enter the market



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«One-Stop-Shop»

Our expertise:

- ① Local suppliers search
- ② Site selection
- ③ Turnkey infrastructure
- ④ Obtaining incentives and subsidies
- ⑤ Deep knowledge of Russian law



We created an infrastructure for different industries. This infrastructure fills the high class international standards.



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Special Economic Zone 'Titanium Valley' **Ready to use infrastructure**

The SEZ is located near the worlds leading titanium producer – 'VSMPO-Avisma'.
Supplier to Boeing, Airbus, Embraer, General Electric.

Who is on site?





SEZ Titanium Valley provides almost free site and infrastructure and unique tax incentives

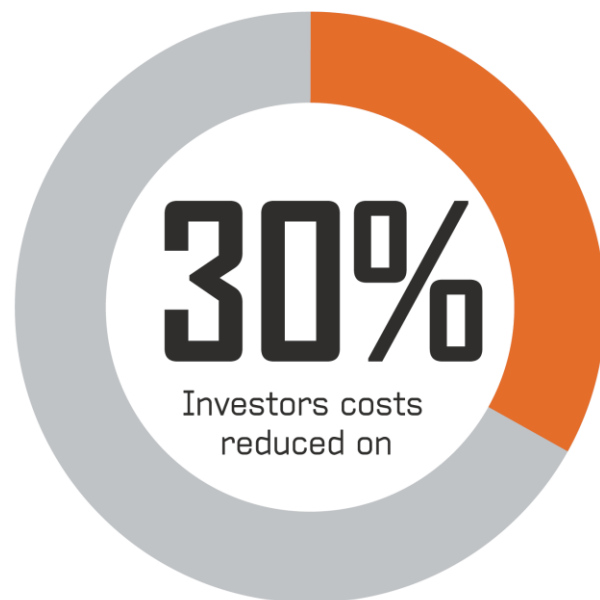











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INCENTIVES FOR INVESTORS PREFERENTIAL CUSTOMS AND TAX TREATMENT



TAX 	CORPORATE PROFIT 	PROPERTY 	LAND 	TRANSPORTATION 	IMPORT DUTIES 	VAT 
 RUSSIA	20%	2,2%	1,5%	X% depends on engine horsepower	5% TO 20%	10% TO 18%
 TITANIUM VALLEY SEZ	2%*	0%	0%	0%	0%	0%



2% - during the 10 years from receipt of profit
7% - from the 11th to 15th year from receipt of profit
15,5% - from the 16th year from receipt of profit



Our industrial parks fill specific requirements from different industries like the chemical and pharmaceutical ones.



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Special industrial park under operation of Russian-Austrian-owned managing company



UCP Chemicals

**Ready to use
infrastructure**

150 ha





We help foreign companies to find a pool of tier 1 and tier 2 local suppliers



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8000

You give us
requirements for
suppliers and
products you need

Our team searches
and finds suppliers
you need

small and medium
enterprises focusing on
manufacturing are
located in the Sverdlovsk
region



Leading international companies are already produce high-end products in Sverdlovsk region



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Joint project of locomotives
manufacturing

70%

level of localization

access on Russian
and CIS market



Russian Railways

SIEMENS

GROUP
SINARA





**3 offices:
in Moscow, Yekaterinburg
and Shanghai**



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