



**ASSOCIATION OF EUROPEAN BUSINESSES  
IN THE RUSSIAN FEDERATION**

**Open event organized by the  
AEB Real Estate Committee**

**How to set up a manufacturing plant**

April 7th, 2011  
AEB Premises



**ASSOCIATION OF EUROPEAN BUSINESSES  
IN THE RUSSIAN FEDERATION**

**Open event organized by the  
AEB Real Estate Committee**

**How to set up a manufacturing plant**

**Section 1: Investment Climate in Russia**

April 7th, 2011  
AEB Premises



# Инвестиционный опыт Ярославской области





Правительство  
Ярославской Области

# Ярославская область

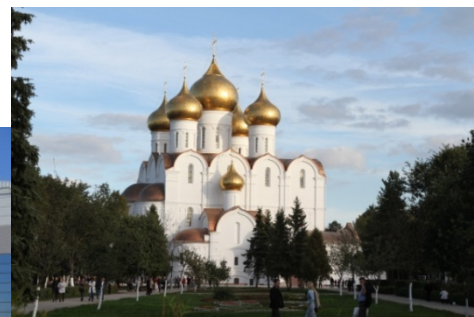
## В 2010 году Ярославль отпраздновал свое Тысячелетие



**Ярославль был основан в 1010 году Князем Ярославом Мудрым на слиянии двух рек – Волги и Которосли.**

«Золотое кольцо России» - современное название кольца старинных русских городов северо-востока от Москвы. Ярославль и еще 4 города области называют «музеями под открытым небом», так как они представляют уникальный архитектурный ансамбль Русской традиционной архитектуры 12–18 веков.

В исторический облик современного города органично вписались новые объекты - Парк 1000-летия, памятник 1000-летия, отреставрированная набережная и Стрелка, Успенский собор.







Правительство  
Ярославской Области

## Транспортная доступность

- Федеральная трасса М8
- Транссибирская железнодорожная магистраль
- Великая река Волга
- Международный аэропорт «Туношна»





## Система обучения ориентированная на специалистов

### Ведущие государственные университеты области:

- Технический университет
- Авиационная Технологическая Академия
- Государственный университет им. Демидова
- др.

### Направления профессионального образования:

- Инженеры электрических и силовых систем
- Металлургия, проектирование и создание двигателей
- Автомобильные технологии
- электротехники, радио инженеры
- Автоматизация и управление
- Химики-технологи

- 58 000 студентов
- 38 высших учебных заведения
- 61 учреждение высшего и среднего профессионального образования





## Правительство ЯО

Привлечение  
инвестиций в  
соответствии с  
кластерной политикой

Локализация новых  
производств и  
импортозамещение

Заполнение звеньев  
цепочек добавленной  
стоимости

Интеграция в  
международные и  
федеральные рынки

Модернизация  
производств через  
внедрение современных  
и новых технологий

Обеспечение  
поддержки  
инновационных  
процессов

Повышение  
конкурентоспособности и  
устойчивости  
традиционных отраслей

Развитие собственных  
стратегических  
преимуществ

Развитие  
территорий с  
учётом их  
специализации



## **Текущие цели:**

1. Обеспечение максимально благоприятного инвестиционного климата в регионе.
2. Обеспечение доступных процедур реализации инвестиционных проектов.
3. Формирование новых промышленных зон (индустриальные и промышленные парки), обеспеченных инфраструктурой и необходимыми ресурсами, включая рабочую силу.
4. Динамичность, непрерывность и эффективное внедрение инновационных процессов

## **Цели развития:**

1. Формирование многопрофильного индустриального потенциала ЯО
2. Обеспечение социально-экономической стабильности региона
3. Модернизация перспективных производств на основе эффективной селекции технологий и инновационном развитии.
4. Обеспечение высокой конкурентоспособность портфеля доходных отраслей





Правительство  
Ярославской Области

## Приоритеты

| Приоритет   | Результат  | Пример по направлению*  |
|-------------|--|---|
| Приоритет 1 | Привлечение инвесторов в соответствии с кластерной политикой Правительства области   | Значительное развитие фармацевтического кластера – в 2010 году в ЯО реализуется 8 инвестиционных проектов фармацевтических производств            |
| Приоритет 2 | Формирование перспективных промышленных зон для индустриального развития   | Сформированы индустриальный парк «Новоселки», промышленный парк «Гаврилов-Ям». Привлечены на территории парков 5 крупных инвестиционных проектов. |
| Приоритет 3 | Интеграция в федеральные и международные цепочки создания добавленной стоимости  | Развитие кластера автокомпонент и двигателестроения позволить обеспечить значительную устойчивость региона к изменениям экономической ситуации    |
| Приоритет 4 | Модернизация производств, создание новых технологий через внедрение инноваций, НИОКР, реализация образовательных проектов. | Высокотехнологичные проекты фарм-кластера, привлечение федеральных целевых программ в исследовательский и образовательный сектора                 |



## Цель -

повышение конкурентоспособности региональной экономики за счет развития перспективных кластеров на базе действующих хозяйствующих субъектов, учебных заведений и научных организаций, а также за счет привлечения на территорию региона новых предприятий и организаций

## Основные направления кластерной политики

- подготовка перспективных специализированных инвестиционных площадок и создание индустриальных парков, обеспеченных всей необходимой инфраструктурой
- развитие системы профессионального образования и подготовки кадров для перспективных кластеров, в том числе - формирование заказа на подготовку специалистов
- создание системы поддержки инновационной деятельности в регионе, включая определение форм и механизмов государственной поддержки НИОКР

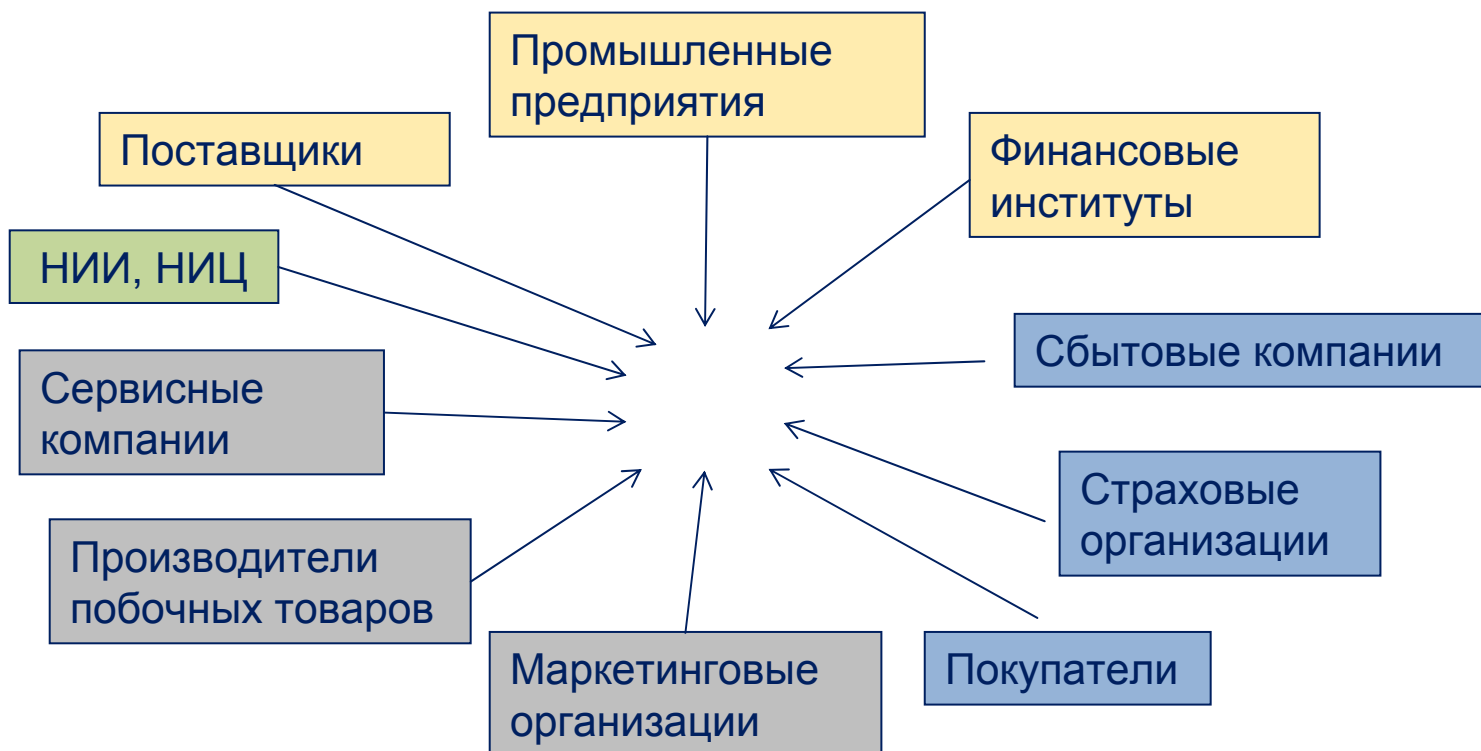
## Приоритетные кластеры

- |                                  |                               |
|----------------------------------|-------------------------------|
| 1) Фармацевтический кластер      | 5) Лакокрасочный кластер      |
| 2) Туристический кластер         | 6) Кластер автокомпонентов    |
| 3) Кластер IT- и нанотехнологий  | 7) Резино-технический кластер |
| 4) Кластер технического текстиля |                               |



## Структура кластера

**Кластер** - сконцентрированная на некоторой территории группа взаимосвязанных компаний, взаимодополняющих друг друга и усиливающих конкурентные преимущества отдельных компаний и кластера в целом.





The diagram illustrates the interaction between scientific and educational centers. It features several yellow rectangular boxes connected by arrows. At the top left is 'Центр R&D'. A large blue arrow points from the right side of the diagram back to this box. Below 'Центр R&D' is 'Центр клинических исследований', connected by a downward blue arrow. To the right of 'Центр клинических исследований' is 'Образовательные программы', connected by two horizontal arrows (one pointing right, one pointing left). Above 'Образовательные программы' is 'Учебно-методический отделы ВУЗов'. Below 'Образовательные программы' is 'Кадры', connected by a downward blue arrow. At the bottom left is 'Производство конечной продукции', connected to 'Центр клинических исследований' by a downward blue arrow. At the bottom right is 'Новые и существующие предприятия', connected to 'Производство конечной продукции' by two horizontal arrows (one pointing right, one pointing left).

```
graph TD; RnD[Центр R&D]; Clin[Центр клинических исследований]; Edu[Образовательные программы]; Prod[Производство конечной продукции]; NewEnt[Новые и существующие предприятия]; UMO[Учебно-методический отделы ВУЗов]; Kadry[Кадры]; RnD --> Clin; Clin --> Edu; Edu --> RnD; Edu --> Clin; Clin --> Prod; Prod --> NewEnt; NewEnt --> Prod; UMO --- Edu; Kadry --> Edu;
```





Правительство  
Ярославской Области

## Задачи в туристическом кластере

- Обеспечение значительных темпов объёма производства и реализации туристско-рекреационных услуг, повышение занятости населения, увеличение налоговой базы области и муниципальных образований
- Привлечение инвестиций на подготовку/модернизацию туристской инфраструктуры
- Создание в регионе новых объектов для инвестиций
- Увеличение числа и доли новых и конкурентоспособных на внешних рынках туристско-рекреационных услуг

**Цель - повышение конкурентоспособности и эффективности туристской индустрии Ярославской области, рациональное использование культурного и природного наследия региона, развитие муниципальных территорий**



Правительство  
Ярославской Области

## Развитие делового туризма

### Стратегический план развития и размещения объектов гостиничной инфраструктуры в Ярославской области

Потребность до 2020 года:

~ 2.900 дополнительных гостиничных номеров



**2 Звезды**

**~ 360 номеров**



4 новых отеля\*\*  
(Ø 90 номеров)

**3 Звезды**

**~ 1.200 номеров**



13 новых отелей\*\*\*  
(Ø 90 номеров)

**4 Звезды**

**~ 1.200 номеров**



13 новых отелей\*\*\*\*  
(Ø 90 номеров)

**5 Звезд**

**~ 180 номеров**



2 новых отеля\*\*\*\*\*  
(Ø 90-100 номеров)

### Предпосылки создания международного выставочно-конгрессного центра

- 8.000 - 10.000 кв.м. выставочный площадей нетто (1 этап)





## Существующие компетенции

Эффективная система поддержки инвесторов региональными властями

Сопровождение инвестиционных проектов на всех стадиях

Наличие готовых индустриальных площадок и вариантов их предоставления

Наличие трудовых ресурсов и программ их подготовки

Научно-исследовательский потенциал в конкретных отраслях

Образовательные центры

Развитая логистика региона

Инфраструктурные возможности

Наличие связанных отраслей, предприятий - смежников

Обеспечение спроса



[www.yarregion.ru](http://www.yarregion.ru)

## Спасибо за внимание

### Контактная информация / Contacts

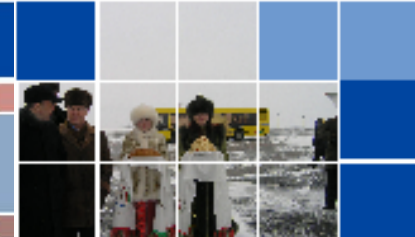
- ✓ Борис Тамаров – заместитель Директора Департамента Экономического Развития  
Тел: +7 (4852) 40-01-01 e-mail: [tamarov@region.adm.yar.ru](mailto:tamarov@region.adm.yar.ru)
- ✓ Департамент экономического развития ЯО  
Тел: +7 (4852) 40-19-03 e-mail: [der@region.adm.yar.ru](mailto:der@region.adm.yar.ru)  
Факс +7 (4852) 40-01-46





## Special Economic Zone (SEZ) «Alabuga»





«It is necessary to fulfill the project in Elabuga. It is important not only for the Republic, but also for the whole country»

The President of Russian Federation  
Vladimir Putin, Kazan, 19.01.2007





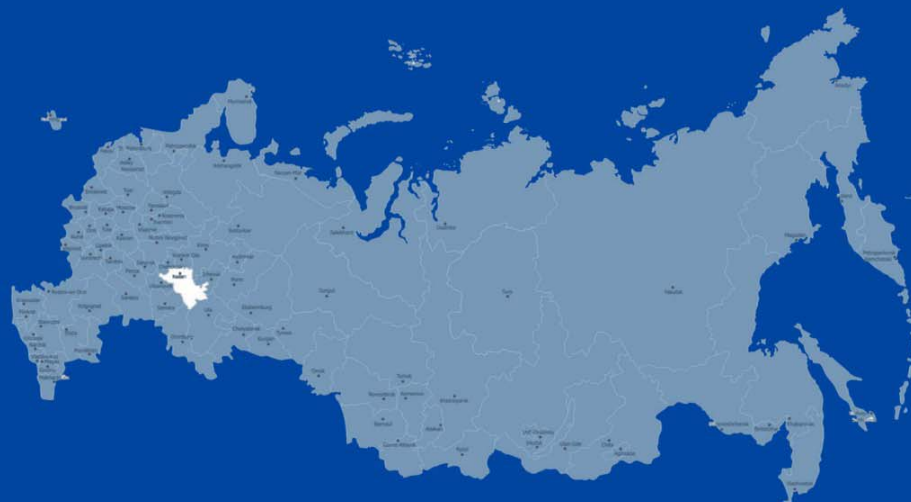
The Republic of Tatarstan is one of the most developed regions in the Russian Federation



The Special Economic industrial Zone “Alabuga” was created on December 21, 2005 in the Republic of Tatarstan

In the centre of the largest industrial region 800 km to the east of Moscow

- Territory – 67 800 km<sup>2</sup>
- Population – 3.8 mln.
- GRP –USD 29.2 bln.
- Industrial output –USD 34.6 bln.





## The Republic of Tatarstan rankings (out of 87 regions)

**Kazan is 1<sup>st</sup> in terms of doing business in Russia**  
(Ernst & Young, 2010)

**Kazan is 1<sup>st</sup> in terms of political stability**  
(Ernst & Young, 2010)

**Tatarstan Republic – is a supporting leader region**  
(Ernst & Young, 2010)

**Tatarstan is 3<sup>rd</sup> in terms of GRP per capita**  
(Expert RA, 2009)

**Tatarstan is 4<sup>th</sup> in terms of investment climate**  
(RBC, 2009)

**Tatarstan is rated "B+" international long-term credit ranking**  
(Fitch, 2009)







The SEZ “Alabuga” provides an excellent set of conditions for investors who intend to establish new production in Russia

- Located in one of the biggest industrial centers of Russia
- Attractive tax and customs preferences
- Developed industrial infrastructure
- Decreased bureaucracy
- Strong governmental support
- Low cost land plots
- Proven track record - many global companies have already established production in the SEZ



## Investment incentives and preferences

| Tax                  | Tax rate for<br><b>Non-residents</b> | Tax rate for<br><b>SEZ Residents</b> |
|----------------------|--------------------------------------|--------------------------------------|
| <b>Profit tax</b>    | 20.0%                                | 15.5%                                |
| <b>Property tax</b>  | 2.2%                                 | 0%                                   |
| <b>Land tax</b>      | 1.5%                                 | 0%                                   |
| <b>Transport tax</b> | 0.3-3.8 USD*                         | 0 USD                                |

\* From 0.3 USD to 3.8 USD depending on horse power





## Free customs zone

Foreign countries

Russia

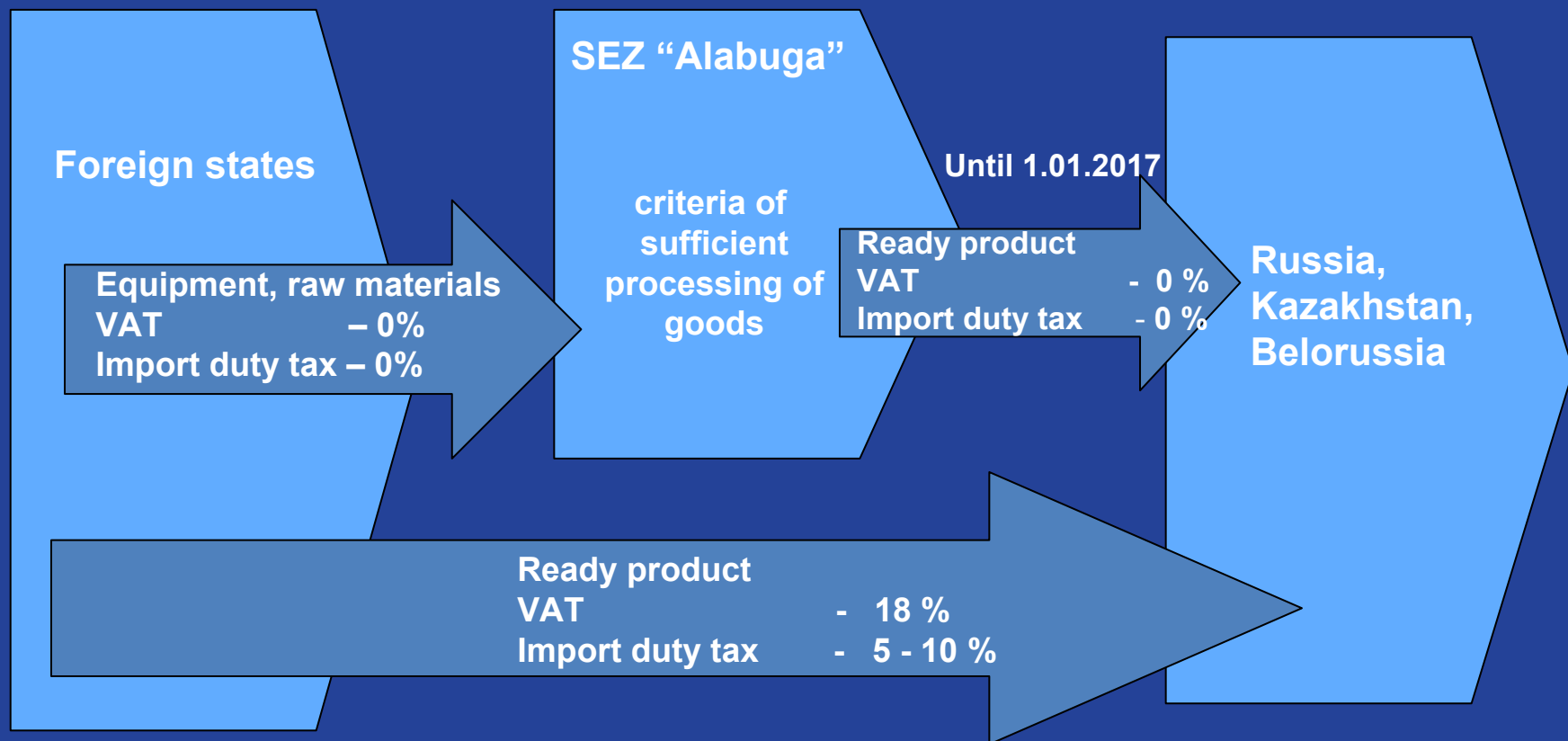
No VAT\*  
No Import duty

SEZ  
“Alabuga”

\* There are exceptions for excise goods (e.g. Oil and Medicine)



## New possibilities of Russian customs legislation





## New possibilities of Russian customs legislation

### Criteria of sufficient processing of goods

1. Rule of the ad valorem tax
2. Implementation of the necessary conditions
3. Changes in commodity classification code

### Mechanism of duty-free importation of goods in Russia

Foreign goods



Customs procedure  
“customs-free zone”



Meeting the criteria  
of sufficient processing of goods



Getting relevant conclusion



Duty-free exportation of finished goods from SEZ  
into Russia, Belorussia and Kazakhstan





## Benefit from criteria of sufficient processing

| Russia  | SEZ   | SEZ incl. criteria  |
|---|---|---|
| <b>1. CUSTOMS CLEARANCE:</b><br>Raw materials cost –<br>USD 1000<br>Import duty – 15 % -<br>USD 150<br>VAT – 18% - USD 207<br>Total: USD 1 357<br>VAT recovery – USD 207<br><br><b>TOTAL: USD 1 150</b> | <b>1. CUSTOMS CLEARANCE:</b><br>Raw materials cost –<br>USD 1000<br>Import duty (Free customs zone) –0%<br>VAT (Free customs zone) – 0%<br><br><b>TOTAL: USD 1 000</b>        | <b>1. CUSTOMS CLEARANCE:</b><br>Raw materials cost –<br>USD 1 000<br>Import duty (Free customs zone) – 0 %<br>VAT (Free customs zone) – 0%<br><br><b>TOTAL: USD 1 000</b> |
| <b>2. PRODUCTION PROCESS:</b><br>Raw materials cost –<br>USD 1 150<br>Other expenses –<br>USD 1 000<br><br><b>TOTAL: USD 2 150</b>  | <b>2. PRODUCTION PROCESS:</b><br>Raw materials cost –<br>USD 1 000<br>Other expenses –<br>USD 1 000<br><b>TOTAL: USD 2 000</b>  | <b>2. PRODUCTION PROCESS:</b><br>Raw materials cost –<br>USD 1 000<br>Other expenses –<br>USD 1 000<br><br><b>TOTAL: USD 2 000</b>  |
| <b>3. SALES:</b><br>End product's cost – USD 2 150<br>VAT– USD 387<br><b>TOTAL: USD 2 537</b>   | <b>3. SALES:</b><br>Import duty (imported goods cost) – 15%<br>– USD 150<br>VAT recovery – USD 207<br>VAT – USD 387<br>End product's cost–USD 2150<br><b>TOTAL: USD 2 537</b> | <b>3. SALES:</b><br>End product's cost –<br>USD 2 000<br>VAT – USD 360<br><br><b>TOTAL: USD 2 360</b>   |

**BENEFIT: USD 2 537 – USD 2 360 = USD 177 (~7%)**

## Low cost land plot rent and purchase are available for the residents

### Land plot rent:

**per 1 m<sup>2</sup> / year – \$ 0.1 USD**

per 1 acre / year - \$ 404.6 USD

per 1 square foot - \$ 0.009 USD

### Land purchase:

**per 1 m<sup>2</sup> - \$ 0.2 USD**

per 1 acre - \$ 809 USD

per 1 square foot - \$ 0.018 USD

### Example:

**Rent: 10 ha (24.7 acre, 1 mln. square feet ) –  
\$ 10 000 USD per year**

**Purchase: 10 ha (2.5 acre, 1 mln. square feet )  
– \$ 20 000 USD**



## Industrial infrastructure

Each land plot is connected to:

- Inner-site roads
- Railway branch line
- Gas (for process needs)
- Electricity
- Heating
- Water
- Sewerage
- Storm sewage
- Drainage
- IP Phone
- High-speed Internet



## Infrastructure

Governmental investments until 2014 will rise up to USD 650 mln.  
More than USD 480 mln. has already been invested,  
including USD 370 mln. into the engineering infrastructure

- Industrial infrastructure
- Customs infrastructure
- Business infrastructure





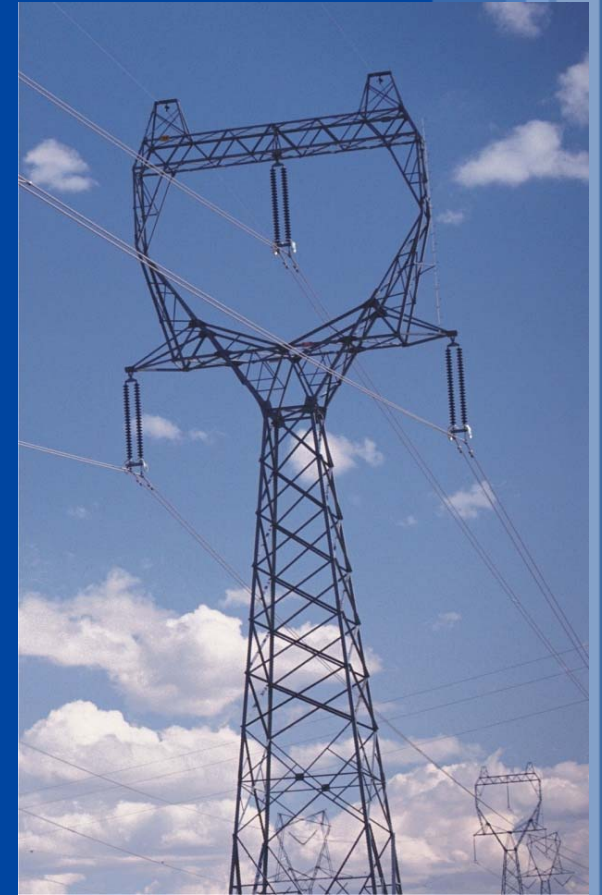
## Free connection to utility lines

Connection cost to electricity lines:

Moscow – USD 440 000 per 1 MW

Tatarstan – USD 208 300 per 1 MW

SEZ “Alabuga” – USD 0 per 1 MW

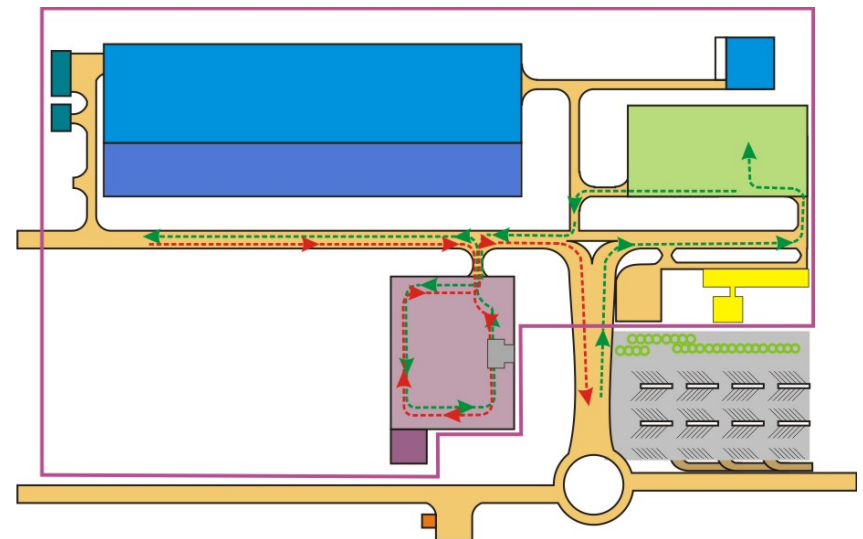






## Customs infrastructure

- Checkpoint with 4x2 driving lanes (entrance and exit)
- Parking for 100 trucks
- Parking for 50 trucks
- Unit of cargo and vehicle profound audit
- Unit of container profound audit
- Railway
- Railway terminal
- Container terminal (1 500 containers, 40 ft each )



## Customs infrastructure units

### Check-point

- four lane traffic
- system of radiation control
- truck scales on every entrance lane
- system of video control
- vehicle license plate number recognition system



## Business infrastructure

Administrative business centre  
(total area – 118 407 sq. feet )  
with all the necessary services  
needed for everyday work:

- Single Window System (One Stop Shop) all necessary governmental agencies in one place
- Banks
- Conference halls
- Exhibition hall
- Offices
- Meeting rooms
- Gym
- Canteen





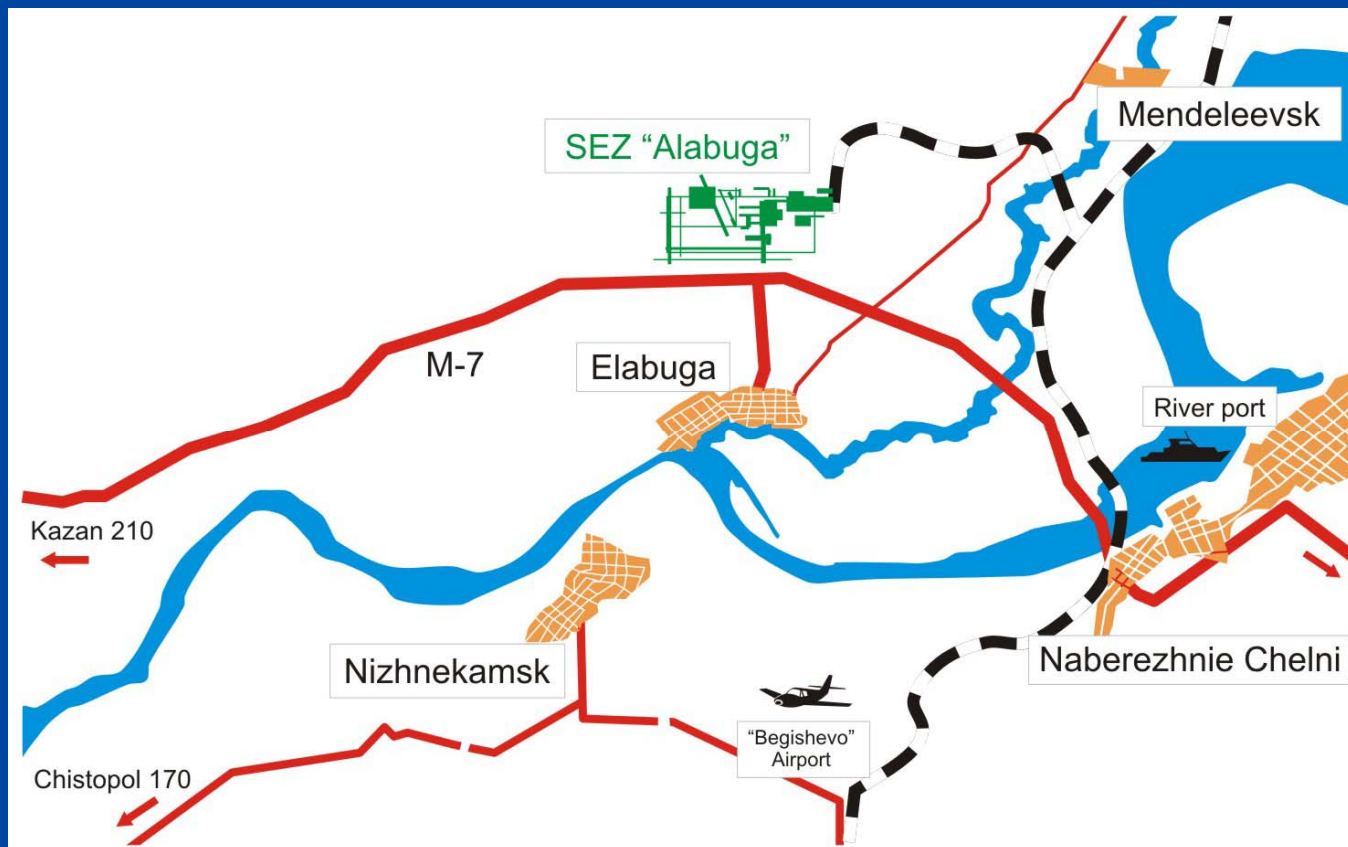
## Single Window System (One Stop Shop)

- Ministry of Ecology and Natural Resources
- Ministry of Labor and Social Security
- Service of Environmental, Technological and Nuclear Oversight
- Federal Real Estate Cadastre Agency
- Social Insurance Fund
- Fund of Obligatory Medical Insurance
- Inspection of State Architectural Building Supervision
- Registration Service
- Chamber of Commerce and Industry
- Tax Service
- Customs Service
- Migration Service
- Pension Fund
- Certification Test centre
- Technical Inventory Bureau





## Kama industrial centre Population of more than 1 mln. people





## Manpower resources of the Kama industrial centre (Naberezhnye Chelny, Nizhnekamsk, Elabuga, Mendeleevsk)

- 29 Institutes of Higher Education
- 28 Specialized Schools and Colleges
- 20200 Fresh Specialists annually

Monthly average salary

Kazan – \$ 530 USD

Naberezhnye Chelny - \$ 430 USD

Yelabuga – \$ 330 USD

The level of average wage in Kazan  
is 45% to Moscow level  
(according PWC research)





## The SEZ “Alabuga” is located in one of the most densely populated regions of Russia



### Within 500 km.

Total population is 24.9 mln.

Large cities:

Stratum A (over 1 mln.) – 4

Stratum B (over 500,000) – 4

Stratum C (over 100,000) – 16

Total population is 73.8 mln.

Large cities:

Stratum A (over 1 mln.) – 8

Stratum B (over 500,000) – 11

Stratum C (over 100,000) – 51

52 % of the Russian population lives within 1000 km. from SEZ “Alabuga”



Most major Russian carmakers are located within 500 km from the SEZ “Alabuga”



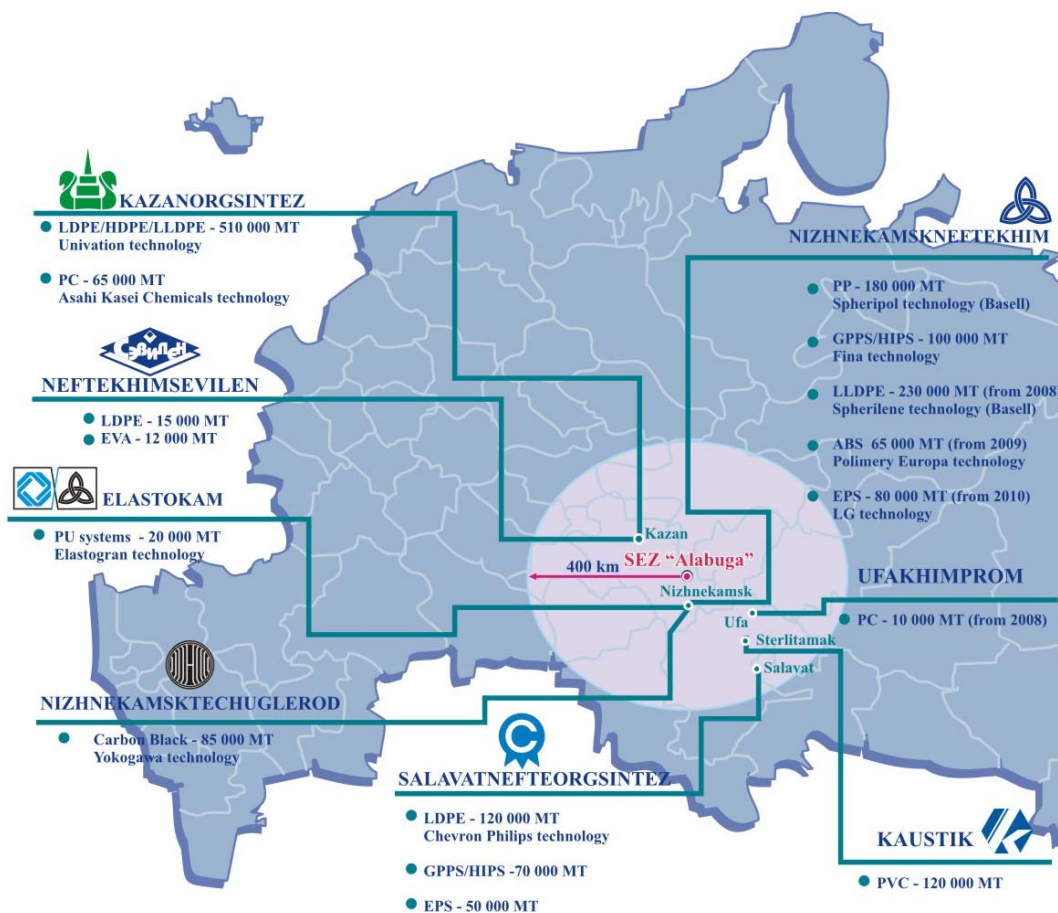


## International automotive components manufacturers





## Polymers produced within 400 km from the SEZ "Alabuga"







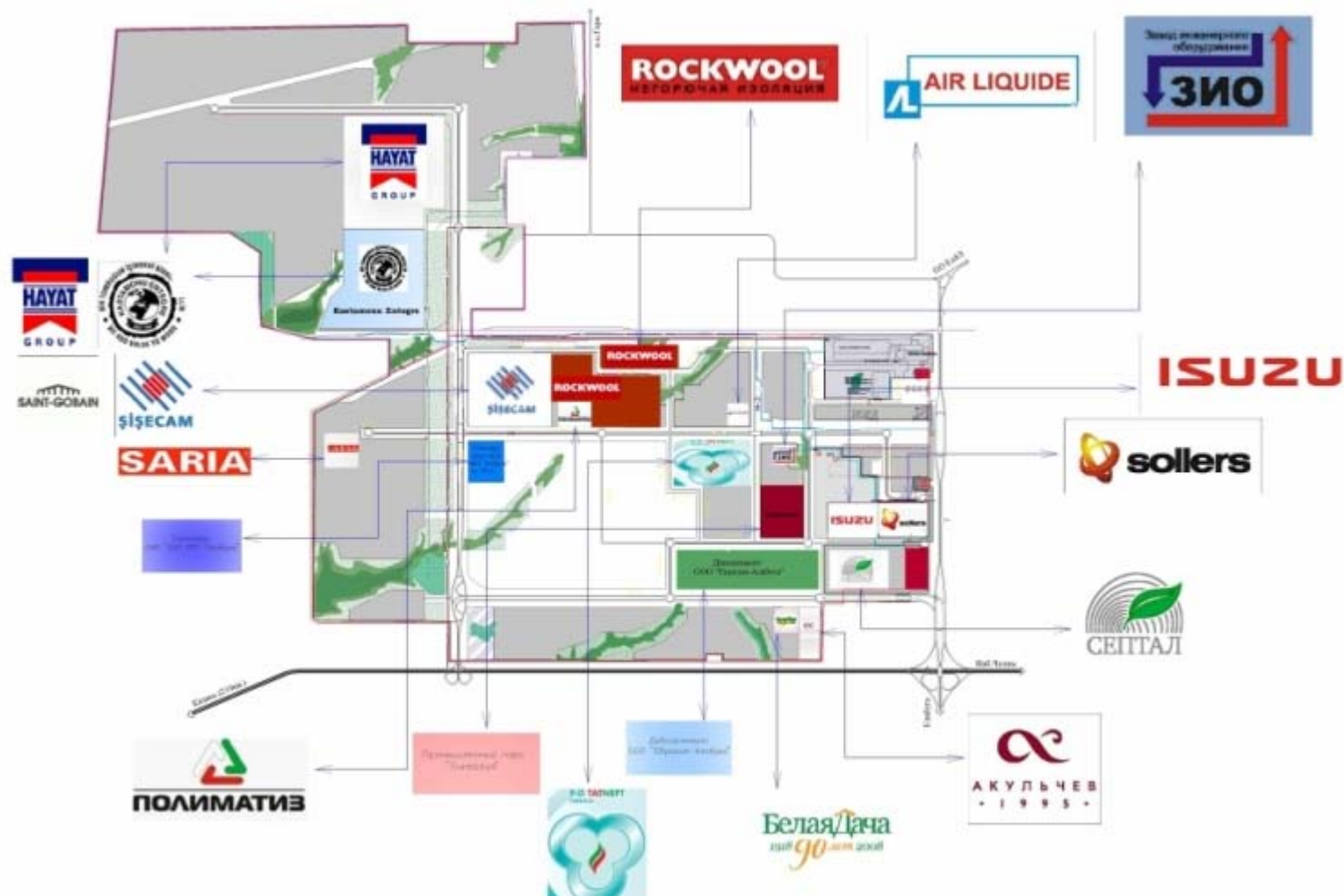
There are many global enterprises which have chosen to establish their production in the SEZ with total investment volume USD 1 bln.

1. Sollers-Elabuga
2. Sollers-Isuzu
3. Rockwool-Volga
4. Polymatiz
5. P-D Tatneft-Alabuga Steklovolokno
6. Air Liquide Alabuga
7. The engineering equipment factory
8. Septal
9. Akulchev-Alabuga
10. Trakya Glass Rus
11. Sollers-Stamp
12. Kastamonu Integrated Wood Industry
13. Belaya Dacha Alabuga
14. Saria Bio-Industries Volga
15. Automotive Glass Alliance Rus
16. Picsar Coatings



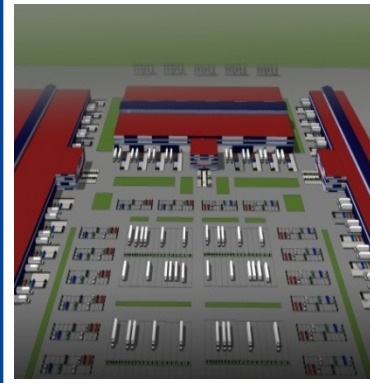


## Map of the SEZ “Alabuga”



## Automotive Components Industrial Park “Synergia”

- Territory – 100,000 m<sup>2</sup> (1.07 mln. sq. feet, 24.71 acre)
- Small and medium-size production lines
- Access for residents and companies with no status of resident
- Cooperation with the anchor carmakers – residents of SEZ “Alabuga”





## Medium – term strategy (December, 2015)

### As-Is 2011

**16** residents

**95 %** has been completed

**USD 1 bln. \***

**more than 5 300 jobs\***

### To-Be 2015

**More than 30** residents

Full completion of industrial infrastructure

Investment volume:  
**USD 3 bln.**

**10.000 jobs**

“The strategic goals are within reach and we are confident we will meet our 2015 targets”

\* According to the companies' business plans





«On my first visit in Elabuga and Kazan. Struck by the significant progress in just one year in the SEZ. Shows promise of growth and progress. With my best wishes in your success».

The Father of “Singapore’s economic miracle”  
Lee Kuan Yew,  
Elabuga, 07.06.2007





The town of Elabuga celebrated its 1000th anniversary in 2007





20 km from the SEZ - Naberezhnye Chelny. A big city for modern life.





# Thank you for your kind attention!

## Contact information:

Investor Relations Department

Tel.: +7 (85557) 5-90-30

Fax.: +7 (85557) 5-90-84

E-mail: [invest@sezalabuga.ru](mailto:invest@sezalabuga.ru), [post@sezalabuga.ru](mailto:post@sezalabuga.ru)  
[www.alabuga.ru](http://www.alabuga.ru)



# Back-up slides





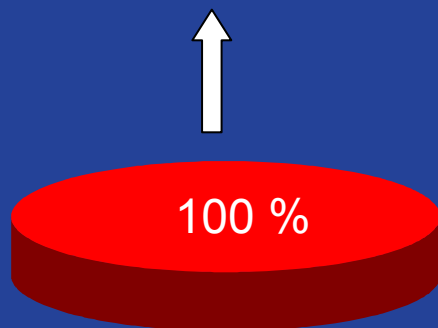
## SEZ “Alabuga” ownership and management structure

*(according to the Agreement issued on January, 18<sup>th</sup> of 2006 between the Ministry of economic development of Russia, Tatarstan Republic Government and Elabuga municipal district)*

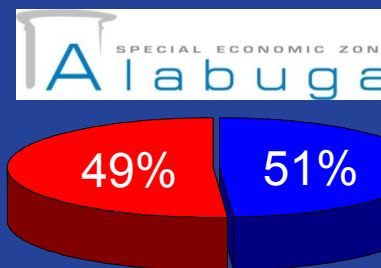
Ministry of economical  
development of the Russian  
Federation



Ministry of land and property  
relations of the Republic of  
Tatarstan



“SEZ”, JSC



SEZ “Alabuga”



## Procedures on getting the status of resident (2 months)

**Registration of an entity and preparation  
of a business-plan**



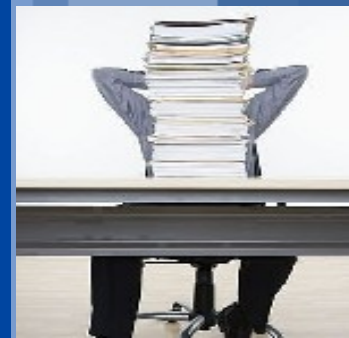
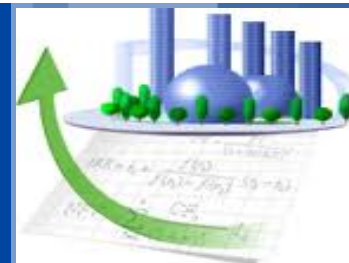
**Presentation of the project for  
Supervisory Board of the SEZ “Alabuga” (Kazan)**



**Presentation of the project for Expert Council  
at the Ministry of economic development  
of the Russian Federation (Moscow)**



**Signing of agreement and getting the  
resident certificate**





## Joint subsidiary building № 1

- Start of construction – 1991
- Site area – 15 484 sq.m
- Piles foundation,  
reinforced concrete slab walls
- Surface construction – 30 %
- Underground construction – 30 %
- Residual book value – USD 1.978 mln.





## Joint subsidiary building № 2

- Start of construction – 1991
- Site area – 12 029 sq.m
- Piles foundation,  
reinforced concrete slab walls
- Surface construction – 85 %
- Underground construction – 75 %
- Residual book value – USD 2.426 mln.





## Full access to all the necessary utilities

### Gas:

USD 107.3 per 1000 m<sup>3</sup>  
(depends on demand)

### Electricity (110 MW, 10 kV):

USD 113 per MW/h

### Heating:

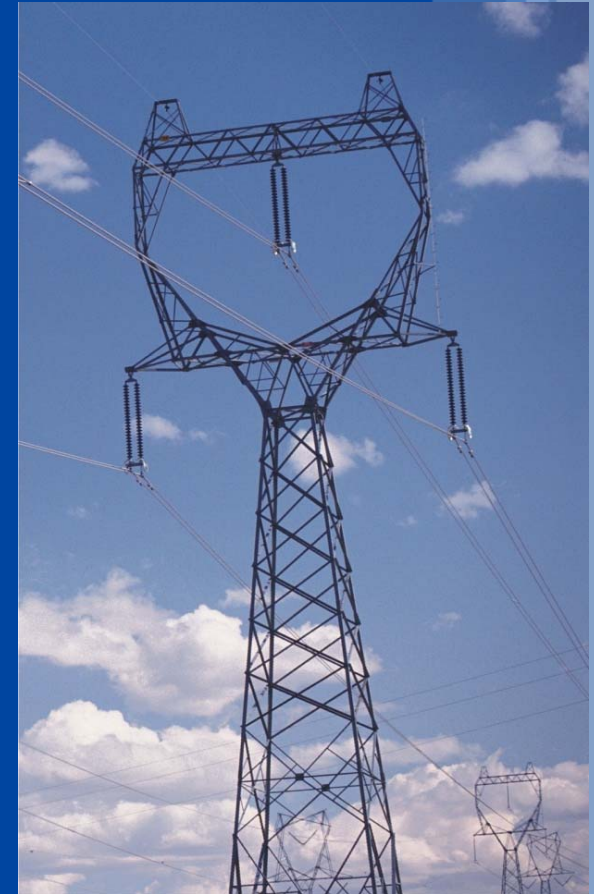
USD 53.4 per Giga cal

### Water:

USD 1.47 per m<sup>3</sup>

### Sewerage:

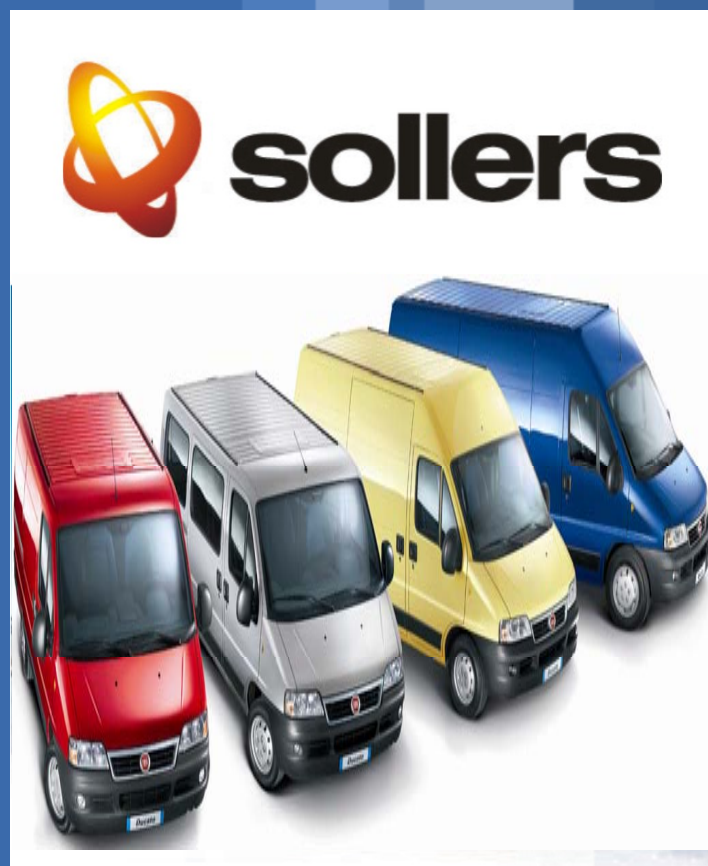
USD 4 per m<sup>3</sup>





## Sollers-Elabuga

- Automotive manufacturing
- Investment volume over \$ 84 mln.
- Output capacity: 75.000 Fiat Ducato automobiles annually
- 1700 jobs
- Complete manufacturing cycle



## Severstalauto-Isuzu

- Production of commercial trucks
- Investment volume: over \$ 12 mln.
- Output capacity: 25.000 automobiles annually
- 1219 jobs

# ISUZU



## Sollers-Ford, JV

- Production of commercial vehicles
- Production of engines
- Investment volume: \$ 1,4 bln.
- Production amount : 350 000 automobiles annually





## Rockwool-Volga

- Production of firesafe insulation materials
- Investment volume over \$ 90 mln.
- Output capacity: 200.000 tons per year
- 141 jobs

**ROCKWOOL®**  
НЕГОРЮЧАЯ ИЗОЛЯЦИЯ



## Polymatiz

- Production of nonwoven fabric and other polymer goods
- Converting of PP, produced by Nizhnekamskneftekhim
- Investment volume over \$ 40 mln.
- Output capacity: 15.000 tons annually
- 113 jobs





## P-D Tatneft-Alabuga Steklovolokno

- Production of glass fiber and fiber-based goods
- Investment volume over \$ 73 mln.
- Output capacity: 21.000 tons annually
- 300 jobs

**P-D TATNEFT**  
FIBERGLAS





## Air Liquide Alabuga

- Production of technical gases (nitrogen, oxygen)
- Investment volume over \$ 24 mln.
- Output capacity: 80 thousand tons annually
- 36 jobs







## The engineering equipment factory

- Investment volume: over € 15 mln.
- Production of units of engineering equipment, heat pump units
- Output capacity 35.000 units annually
- 222 jobs



## Septal

- Production of equipment for local and small sewerage systems
- Investment volume: over \$ 30 mln.
- Output capacity: 7.000 items annually
- 200 jobs





## Akulchev-Alabuga

- Confectionery and bakery production
- Investment volume:  
over \$ 15 mln.
- Output capacity: 7.000 tons annually
- 156 jobs



А К У Л Ь Ч Е В  
• 1 9 9 5 •



## Trakya Glass Rus

- Float-glass, mirrors, coated-glass
- Investment volume:  
over \$ 252 mln.
- Output capacity: 250 000 tons annually
- 377 jobs







## Kastamonu Integrated Wood Industry

- Medium density fiberboard
- Investment volume: over \$ 113 mln.
- Annually output capacity:  
280 000 m<sup>3</sup>
- 300 jobs





## Belaya Dacha Alabuga

- Processing of vegetable products
- Investment volume: over \$ 18.5 mln.
- Annually output capacity:
  - 9 600 tons
- 250 jobs

Белая Дача  
1918 *90 лет* 2008



## Sollers-Stamp

- Extrusions and welding fabrication of car body and chassis
- Investment volume: over \$ 110 mln.
- Annually output capacity: 75 000 tons
- 300 jobs





## Saria Bio-Industries Volga

- Production of meat-bone flour and animal fat
- Investment volume: over \$ 23 mln.
- Annually output capacity: 24 500 tons
- 90 jobs

**SARIA®**





## Automotive Glass Alliance Rus

- Automotive glass
- Investment volume:  
over \$ 73 mln.
- Annually output capacity:  
500 000 sets
- 300 jobs





## Picsar Coatings

- Production of liquid and powdery paintworks, rust-proofing paints and coatings for woods
- Investments volume \$ 20 mln.
- Production amount: 7 500 tons annually
- 30 jobs

**PICSAR**  
COATINGS



## Production of building materials

The Russian construction sector  
is experiencing an enormous growth.  
Tatarstan is expected to set in operation  
2.3 mln. m<sup>2</sup> of housing in 2011.

Tatarstan possesses abundant natural resources,  
thus, projects can be carried out in:

- Production of insulation materials
- Production of flat glass
- Production of reinforced concrete blocks and sandwich panels
- Production of bricks
- Production of ceramic tiles



## Agricultural processing

Rising consumer market  
Weak processing industry

Agricultural goods  
produced in 2010 in  
the Republic of Tatarstan:

700.000 tons of crops  
1.6 mln. tons of milk  
232.300 tons of meat and poultry







## Competitive investment

Pharmaceuticals industry

Components for aircraft industry

Optical fiber

Machine-tool construction





**We build Bridges to Russia**

**DEGA Group**

**Autonomous and decentralized infrastructure:  
the basis for success of greenfield projects in the  
Russian Federation**



# DEGA GROUP

**DEGA Group operates from its offices in Fribourg and Moscow on the Russian real estate market since 2003.**

- **Fields of activity:** industrial park development, construction management, EPC-Contracting
- **Business units:**
  - **BU Energy:** Energis Power Solutions AG - EPS Rus: representative office;
  - **BU Development:** AMG AG - OOO "Park Noginsk": facility and property management company
  - **BU Construction:** Turnkey construction services including turnkey design and construction works as well as all necessary permissions
- **Target customers:** A-rated companies who are already active on the Russian market or are planning to enter it



# Our History

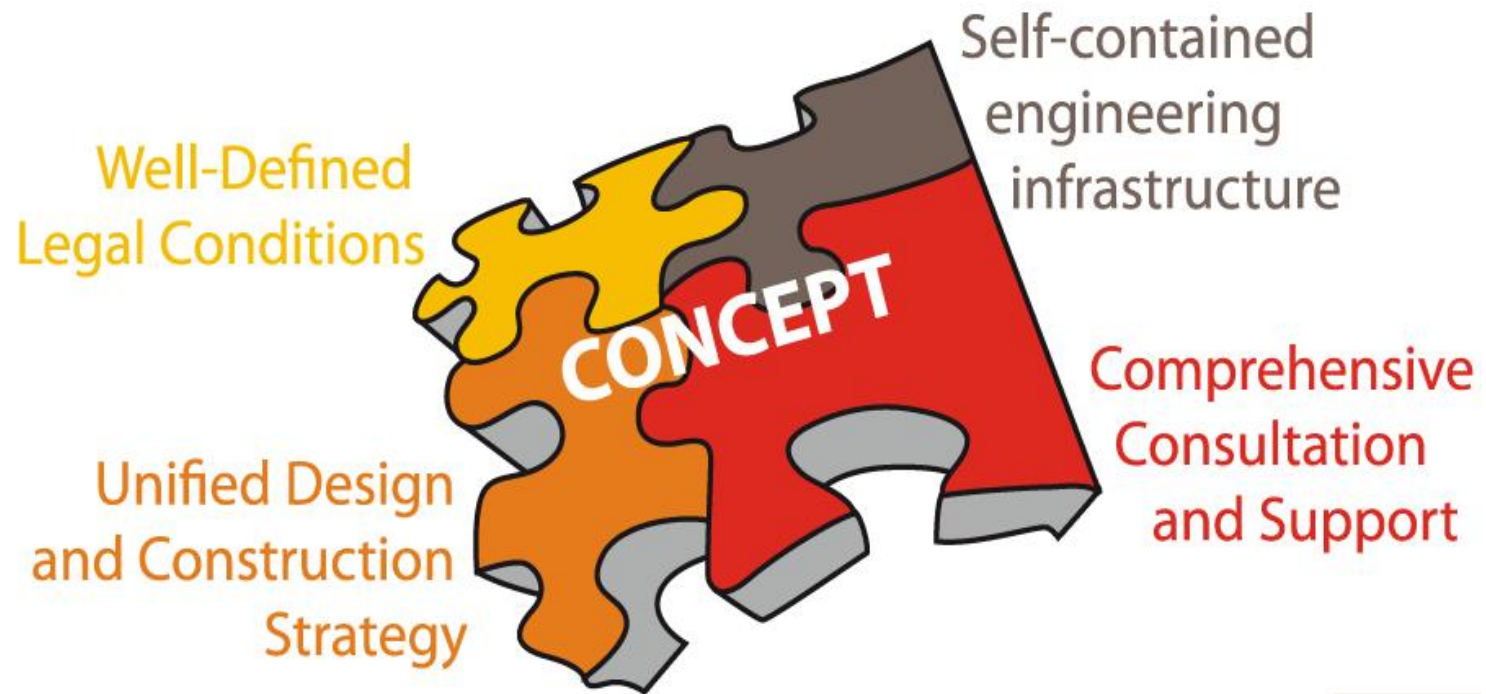
- **2003** Founding of the company in Fribourg, Switzerland  
Conclusion of a Treaty of Association with the Stroytech Group (Moscow)
- **2004** Printing complex “**Pervy Poligraficesky Kombinat**”
- **2005** Pharmaceutical high-bay warehouse “**Protek**”  
Housing development “**Prigorod**”
- **2006** Development of the mixed use **Cluster “Noginsk I”**  
Manufacturing complex “**Hübner GmbH**”  
Service centre “**Peri GmbH**”
- **2007** 30 MW **Cogeneration power plant “NTZ”**  
Manufacturing complex “**Bayer AG**”  
Manufacturing complex “**Sievert AG**”
- **2008** Manufacturing complex “**Meffert AG**”  
Self-service hypermarket “**O’Key Market**”  
Logistics complex “**METRO AG**”  
Distribution and training centre “**TTS Tooltechnik**”
- **2009** Development of the industrial **Cluster Noginsk-II**
- **2010** **Oriflame** joins Noginsk-II as major user  
Development of the Mixed use Industrial Cluster **Ryazan-I**





# DEGA INDUSTRIAL PARKS

**Innovative Concept for Greenfield Projects of  
Western Standard in the Russian Federation**



## DECENTRALIZED AND AUTONOMOUS INFRASTRUCTURE



**The customer receives the Technical Conditions (Connection Rights) to the decentralized and mostly autonomous infrastructure owned and operated by Dega**

■ The guaranteed delivery of resources (the amount of available resources is determined by the client):

- water supply
- sewage system
- electricity supply (10 kW) from own Cogeneration Power Plant "NTZ" with capacity of 30 MW
- district heat supply (110\70 degrees)
- telecommunications

■ Access to the site via an asphalt road through the internal road system of the Cluster or directly from the Gorkovskoye highway

## ONE-STOP AND TURNKEY CONSTRUCTION STRATEGY

**DEGA Group offers its clients turnkey construction services:**

- Design, construction and permissions as one-stop service;
- Experience and know-how confirmed by a wide range of successfully completed construction projects;
- Development and installation of technological equipment



**From the ground plan... the shell of the building... to the ready-to-use industrial complex... incl. all operation permits**





# Reference Projects

## Metro Group



**65,000 m<sup>2</sup> logistics centre – built & commissioned in 2008**



# Reference Projects

## Bayer AG



**5,600 m<sup>2</sup> manufacturing complex – built & commissioned in 2007**

## Meffert AG



**9,000 m<sup>2</sup> manufacturing complex - built & commissioned in 2008**

# Reference Projects

## Quick-mix



**Manufacturing complex with 4100 m<sup>2</sup> floor space - built & commissioned in 2007**



# Reference Projects

## PERI GmbH



**Administrative building with 3600 m<sup>2</sup> floor space -  
built & commissioned in 2006**

## HÜBNER GmbH



**Manufacturing complex with 1800 m<sup>2</sup> floor space -  
built & commissioned in 2006**

## TTS Tooltechnic Systems



**Manufacturing complex with 3400 m<sup>2</sup> floor space –  
built & commissioned in 2008**

## NEKS Group



**DIY store „Stroydepo“ with 5400 m<sup>2</sup> floor space -  
built & commissioned in 2009**

# Projects 2010



Manufacturing&Warehousing Complex „Oriflame“- currently under construction



## WELL-DEFINED LEGAL CONDITIONS

- Transparent legal situation;
- Lotting according to client's requirements;
- Approved territory plan



## COMPREHENSIVE CONSULTATION AND SUPPORT

- Financing solutions: Real estate leasing schemes and financing through government loan guarantees;
- Assistance in working out a feasibility study for the investment

## FACILITY AND PROPERTY MANAGEMENT SERVICES



### **Additional services: Facility & property management services, social infrastructure**

Resident companies of the park can focus on core business, without involving non-core professionals. For this a wide range of facility & property management services are offered in the park, as well as the availability of the social infrastructure facilities.

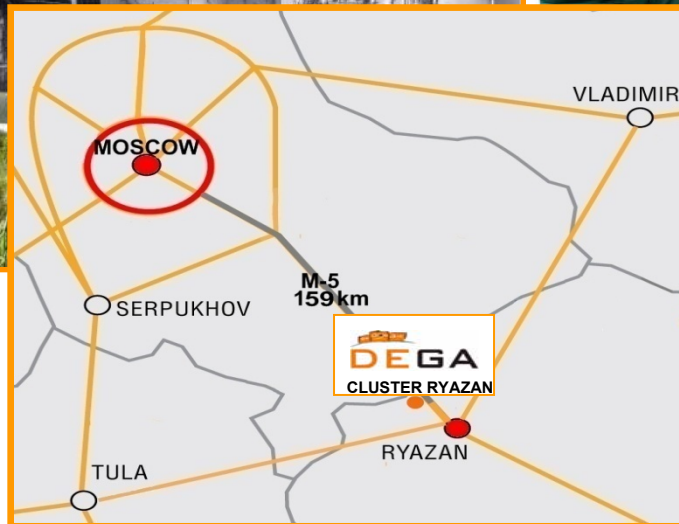
- Facility & property management services;
- HR, catering, security and cleaning services;
- Shopping centers;
- Affordable housing for the staff in the housing project Dega & YIT Dom;
- Hotel and sport complex



# Future Perspectives



DEGA Group is currently focusing on the Moscow and Ryazan regions, but is also planning to expand its activities into other areas of Russia.



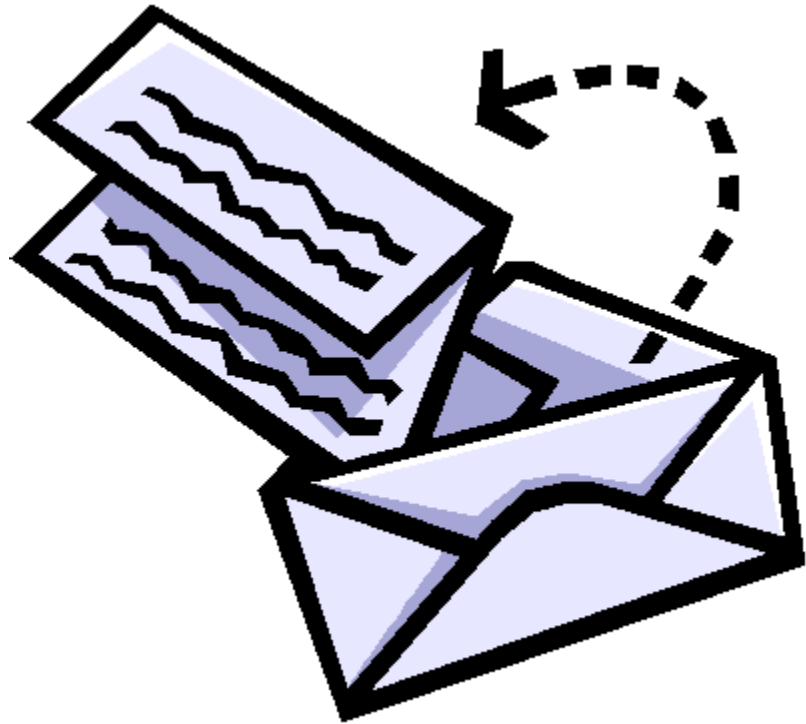
# Dega Group Contacts

## Dega AG – Fribourg - Switzerland

Dega Beteiligungs AG  
1, avenue Beauregard  
1700 Fribourg, Schweiz  
Tel : +41 26 425 44 44  
Fax : +41 26 425 44 40  
Email: [info@dega-ag.com](mailto:info@dega-ag.com)

## Moscow Branch Office

Neglinnaja ul. 9  
107031 Moscow, Russia  
Tel: +7 495 6249011  
Email: [russia@dega-ag.com](mailto:russia@dega-ag.com)







**ASSOCIATION OF EUROPEAN BUSINESSES  
IN THE RUSSIAN FEDERATION**

**Open event organized by the  
AEB Real Estate Committee**

**How to set up a manufacturing plant**

**Section 2: Setting up a new production facility**

April 7th, 2011  
AEB Premises



# Business location services

## Key aspects

Julia Stefanishina  
Senior manager, Real Estate Group

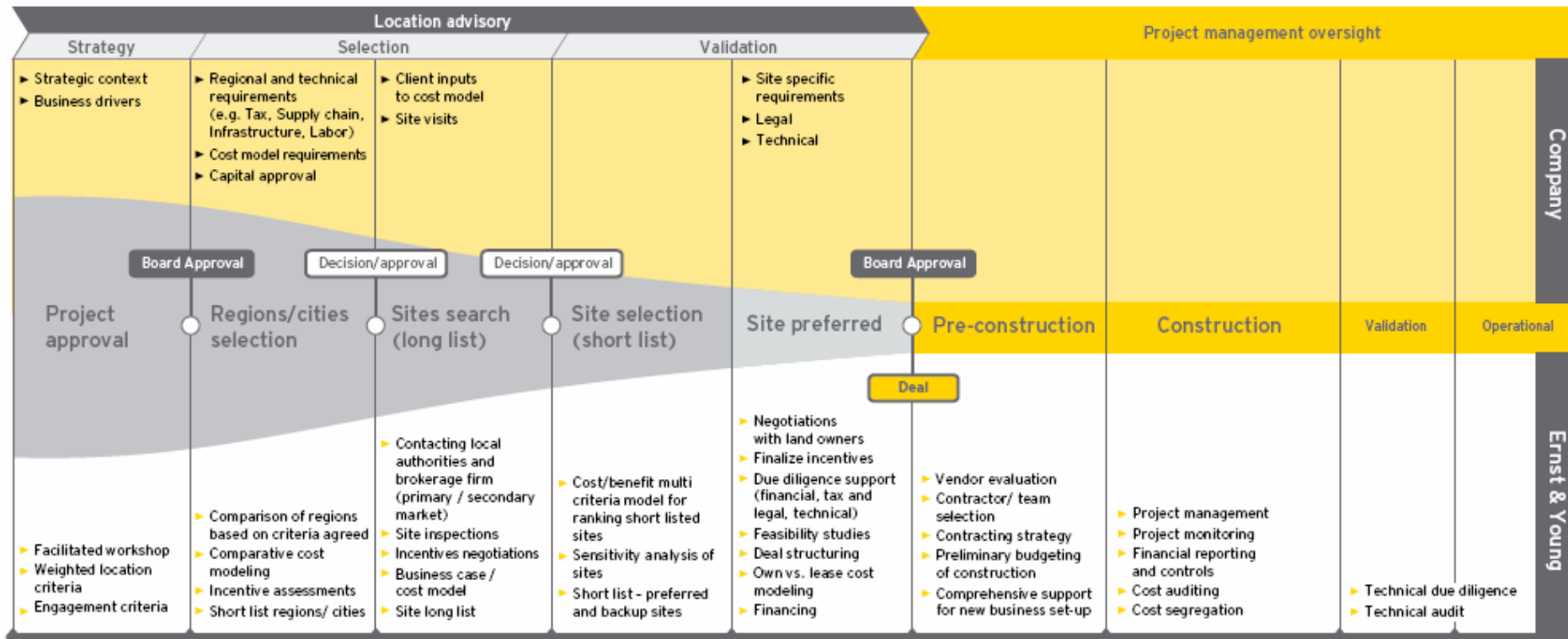
# Types of manufacturers

Goals and requirements of the companies for potential business locations may differ significantly. In particular, the scale of planned manufacturing facilities tends to have a large impact:

|                  | Large-scale manufacturer  | Medium-scale manufacturer   | Small-scale manufacturer   |
|------------------|---|---|--|
| Typical approach | <b>Greenfield</b><br>Purchase / lease of an undeveloped land plot for plant construction in accordance with the company's needs | <b>Industrial park</b><br>Long-term lease/purchase of industrial premises / building or long-term lease / purchase of a land plot | <b>Brownfield</b><br>Generally, lease/purchase of industrial premises (e.g., at the existing plants) |

# Large-scale manufacturing

## Ernst & Young approach to business location in Russia



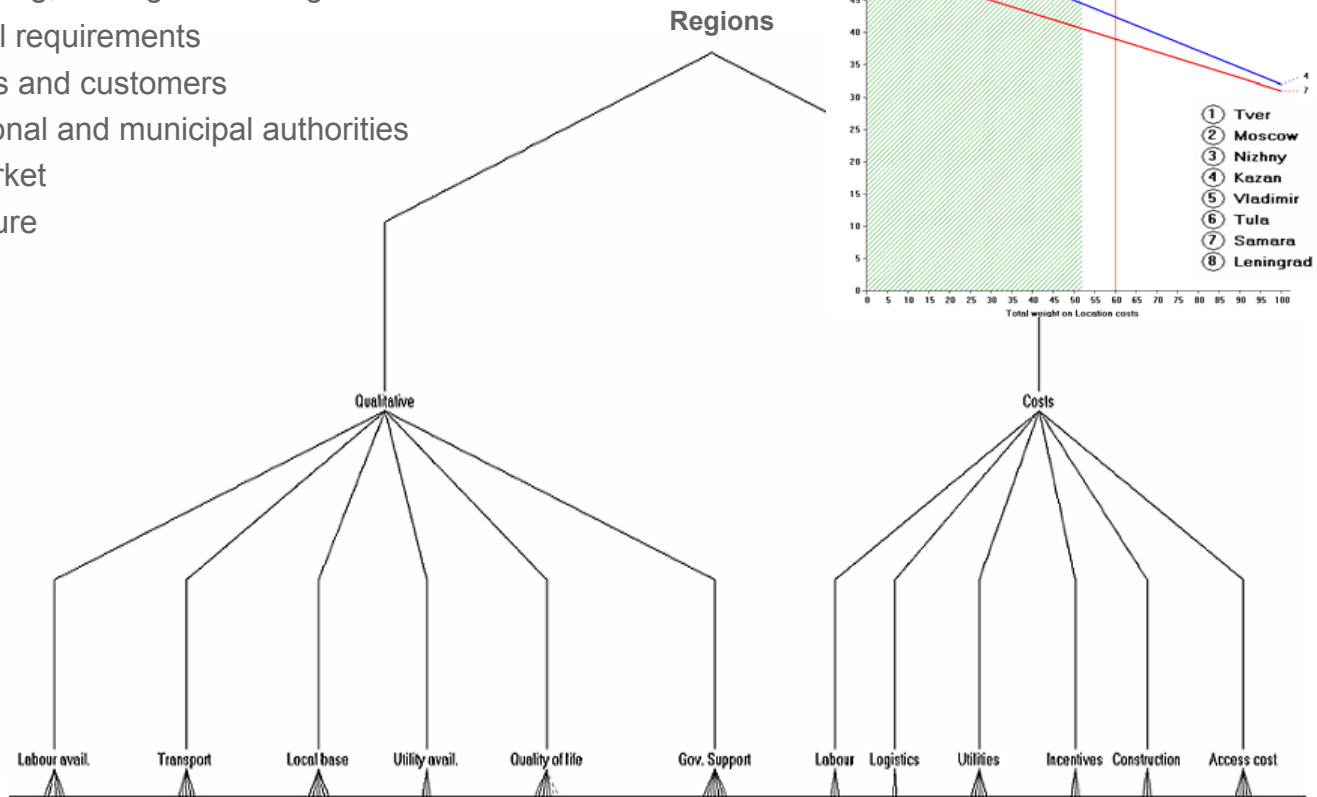


# How to select the region / land plot

Selection process of a location best suited for a large-scale manufacturer requires to consider not only the physical characteristics of the site, but also **a detailed analysis of the regional investment climate.**

We use a complex analytical approach to address this issue in Russia by considering, among other things:

- ▶ Company's individual requirements
- ▶ Proximity to suppliers and customers
- ▶ The attitudes of regional and municipal authorities
- ▶ Local real estate market
- ▶ Transport infrastructure
- ▶ Qualified personnel
- ▶ Business specifics
- ▶ Tax incentives



# Medium- and small-scale manufacturing

---

## **Medium-scale manufacturing**

- ▶ Land plot lease / rent
- ▶ Built-to-suit lease / rent



**Key resident target group for industrial parks**

## **Small-scale manufacturing**

- ▶ Lease of small industrial premises for warehouse / production

# Industrial parks in Russia

State IPs



■ Ready ■ Under development  
■ Planned

Private IPs



■ Ready ■ Under development  
■ Planned

## Property types

- ▶ State owned – 57%
- ▶ Private – 32%
- ▶ Other – 11%

## Residents

- ▶ No residents – 46%
- ▶ Present – 41%
- ▶ At negotiation stage – 7%

Classification of IPs by total area



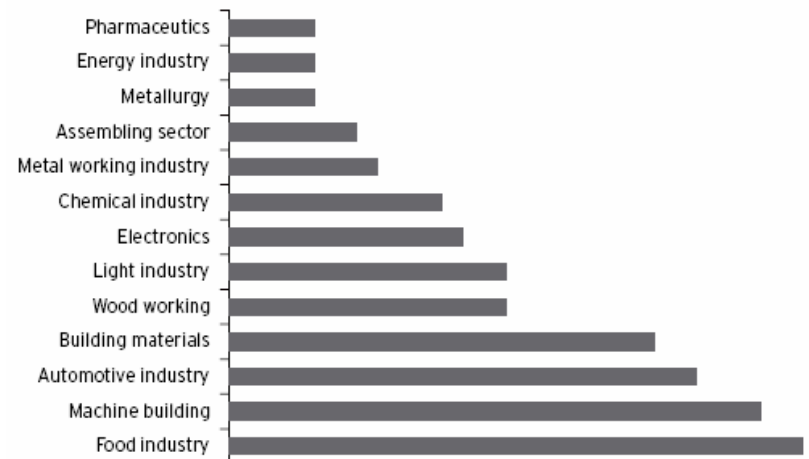
■ Up to 100 ha ■ 500-1000 ha  
■ 100-300 ha ■ Over 1000 ha  
■ 300-500 ha ■ No data

Land plot size in an IP



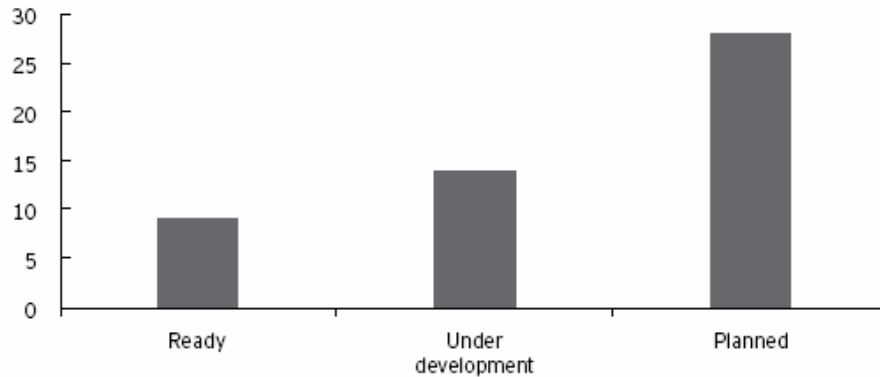
■ Not determined ■ Fixed  
■ No restrictions ■ No data

Industry sectors in multi-specialized IPs



# Industrial parks in the Moscow Region

Classification of IPs by level of readiness

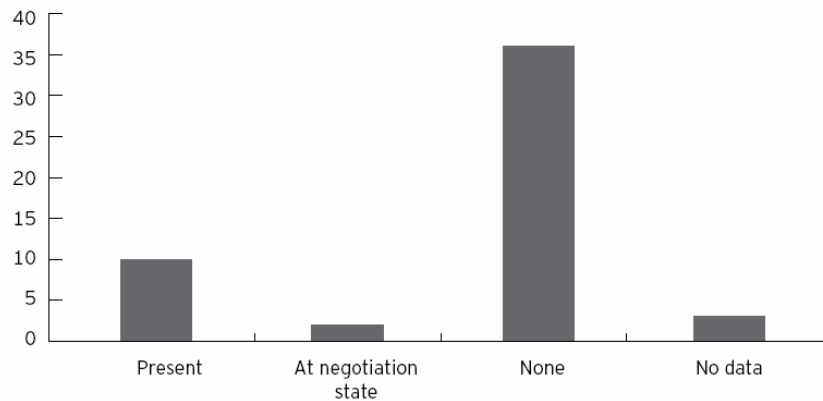


Property types: state owned – 33%, private – 59%, other – 8%

Industry sectors in IPs with single specialization



Presence of residents in IPs



Infrastructure options in IPs





# Contact information

---



Olga Arkhangelskaya  
Partner, Head of Real Estate Group in the CIS

Tel.: +7 (495) 755 9854  
[Olga.Arkhangelskaya@ru.ey.com](mailto:Olga.Arkhangelskaya@ru.ey.com)



Julia Stefanishina  
Senior Manager, Real Estate Group

Tel.: +7 (495) 755 9704  
[Julia.Stefanishina@ru.ey.com](mailto:Julia.Stefanishina@ru.ey.com)

# Setting up a manufacturing plant in Russia

## ROUND TABLE

Kamil Karibov, Ph.D.

### LEGAL ASPECTS

7 April 2011  
Moscow

BEITEN BURKHARDT

# Factors influencing the selection of the land plot

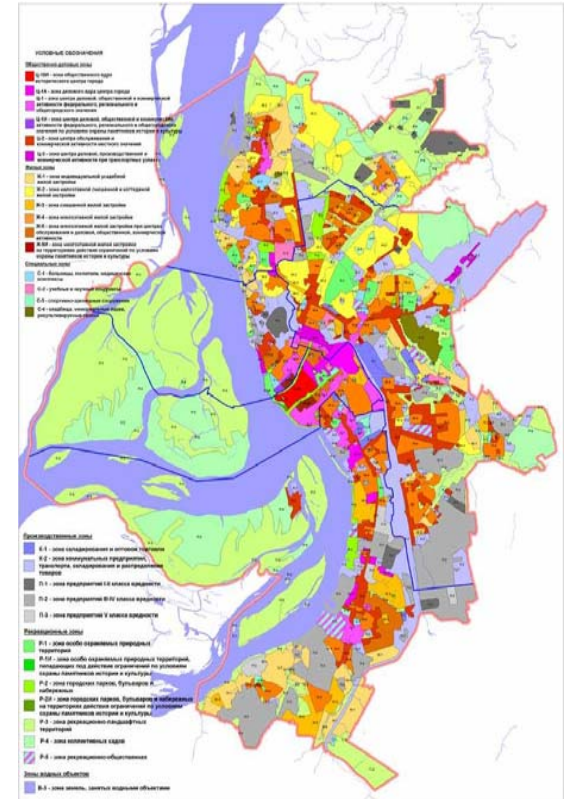
- Town planning rules: town planning zoning, type of permitted use for the land plot
- Sanitary protection zones, protective zones and other restrictions



Possibility to connect to the infrastructure  
(provision of the capacities required for the  
functioning of the plant)



Organization of approach roads



- Favorable investment climate in the region, relations of trust with the local authorities

# Greenfield / Brownfield / Industrial parks

## Greenfield



(+)

- Possibility to select a land plot with the best possible characteristics
- Ability to establish a large sanitary protection zone

(-)

- Connection to the site and construction of infrastructure
- Large project costs

## Brownfield



(+)

- Infrastructure in place
- Existing approach roads

(-)

- Hidden defects in the facility, contamination of the land plot
- Large costs on sanitation

## Industrial parks



(+)

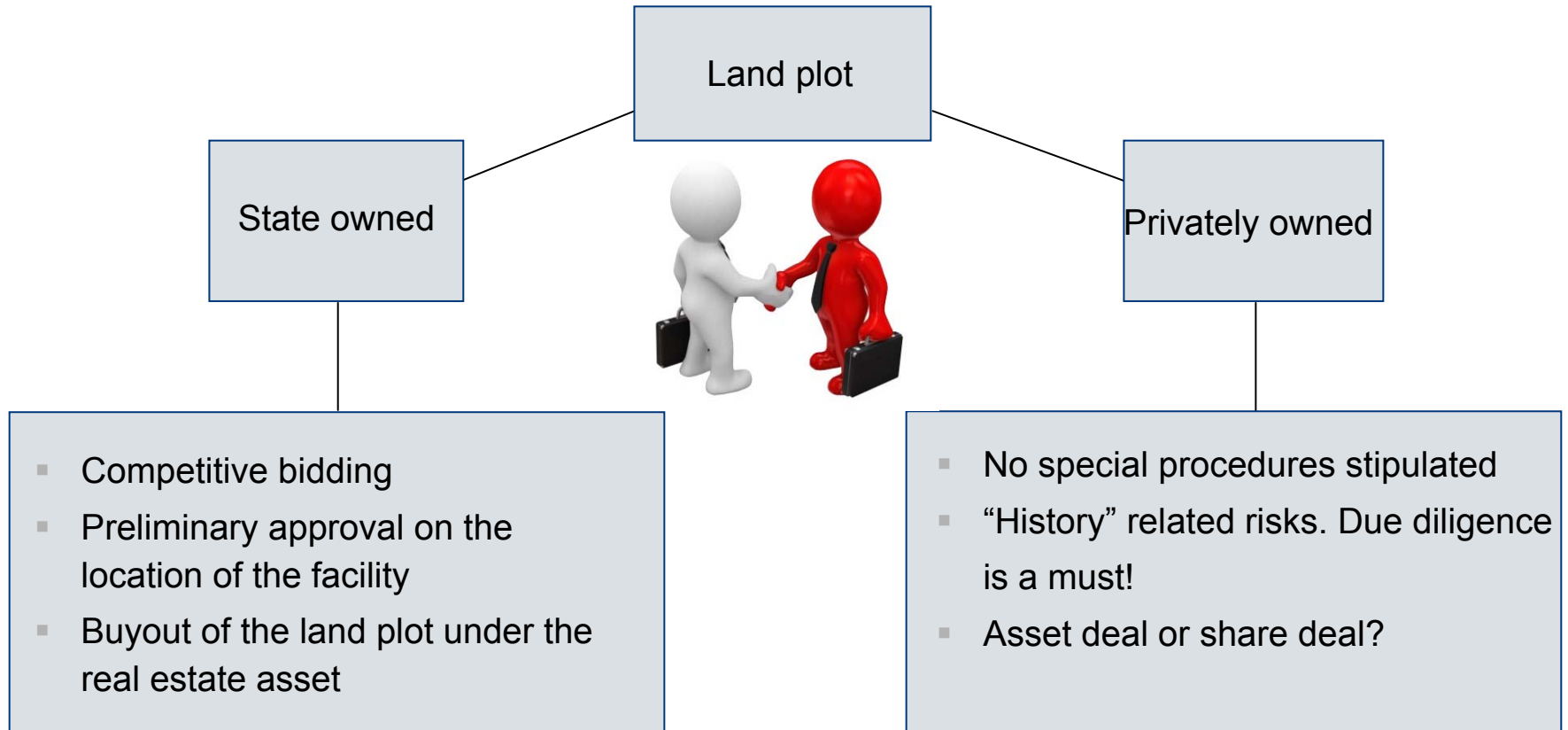
- Formed land plot without encumbrances
- Permitted use
- Utilities
- Business services

(-)

- No area for expansion
- Sanitary protection zones
- Competitors are nearby
- High tariffs: who dictates terms?



# Acquisition procedures



# Specifics of planning, construction and use of plants

Declaration on industrial safety

## Construction

Expert examination of industrial safety



Certification or declaration of compliance of foreign-made hardware

## Operation

- License to operate explosive and flammable industrial facilities
- License to operate hazardous chemical production facilities



Registration of hazardous production facilities in the state register

Mandatory insurance

# Contact



## Kamil Karibov, Lawyer, Ph.D. Partner

### Legal advice in the fields of

Real estate law, construction law, public procurement law

### Professional experience

Lomonosov Moscow State University, Faculty of Law, 1996;  
State Committee for Antimonopoly Policy of the Russian Federation, 1996;

Lomonosov Moscow State University, Ph.D. degree in law, 2001;

State Enterprise for Administration of Property Abroad under the Administrative Department of the President of the Russian Federation (Goszagransobstvennost), Moscow, 2001–2005;

Haarmann Hemmelrath & Partner, Moscow, 2005–2006;

CMS Hasche Sigle, Moscow, 2006–2008;

BEITEN BURKHARDT, Moscow, since 2008

Turchaninov per. 6/2  
119034 Moscow, Russia  
Tel.: + 7 495 232 96 35  
Fax: + 7 495 232 96 33  
[Kamil.Karibov@bblaw.com](mailto:Kamil.Karibov@bblaw.com)

**Languages** Russian, German, English

**BEITEN BURKHARDT**



# Project Financing: Tax aspects

Andrei Ignatov, Tax partner

Ernst and Young



# Debt financing: general limits for tax deduction

---

## ▶ Limitation of interest deduction for profits tax purposes:

- ▶ For Rouble loans: 180% of the Central Bank's refinancing rate
- ▶ For foreign currency loans: 80% of the Central Bank's refinancing rate

## ! Possible options to increase interest deduction:

- ▶ Attraction of debt financing in Roubles
- ▶ Use of comparative method for received loans
- ▶ Use of tax preferences provided by certain double tax treaties (e.g. the Netherlands, Germany)

# Debt financing: thin capitalization rules

---

## ▶ Thin capitalization rules may apply:

- ▶ In certain cases when foreign company owning more than 20% in the capital of a borrower is involved in debt financing, and
- ▶ If debt to equity ratio is higher than 3 (or 12,5 for banks and lease companies)

## ▶ Thin capitalization rules may lead to:

- ▶ Reduction of tax deductible interests → Increase in tax to be paid
- ▶ Classification of non-deductible interests as dividends - in most of cases subject to higher withholding income tax rate

## ! Possible options to minimize risk:

- ▶ Attraction of loans from foreign “sister” companies
- ▶ Increase of borrower’s equity

---

# Equity financing

---

- ▶ **Contribution of monetary funds into charter capital**
  - ▶ Non-taxable event
- ▶ **Contribution of property into charter capital**
  - ▶ No profits tax consequences upon contribution
  - ▶ Restoration of input VAT (if contribution from a Russian company)
  - ▶ Proper documentation to confirm the value of property for profit tax purposes
- ▶ **Contribution into assets (in-kind or in monetary form)**
  - ▶ Option available only for limited liability companies
  - ▶ Profit tax may be charged if contributor owns less than 50% of the financed company

# Core team members



Andrei Ignatov  
Partner  
Ernst & Young (CIS) B.V.  
Sadovnicheskaya nab. 77, bldg. 1  
Moscow, 115035, Russia  
tel +7 495 755 9694  
fax +7 495 755 9701  
E-mail Andrei.Ignatov@ru.ey.com

- ▶ Partner, Tax, Business Tax Advisory, Ernst & Young Moscow
- ▶ Over 14 years of experience in providing a wide range of services to international and Russian companies, including advising on Russian taxation, taxation of international operations and methods of operations structuring; wide experience in the analysis of tax issues as part of audits of financial statements prepared in accordance with Russian accounting standards and GAAP as well as in comprehensive audits of Russian companies; specializing in advisory services for Russian enterprises seeking to obtain foreign investments; extensive experience in consulting related to the business restructuring with respect to changes in Russian and international tax legislation; providing tax advisory services to clients in industrial and other sectors; advising on tax risk management, tax accounting review and development
- ▶ Moscow State Institute of Electronics and Mathematics (Technical University), diploma in Applied Mathematics; member of the British Association of Chartered Certified Accountants (ACCA)



**Thank you!**



---

## Ernst & Young

Assurance | Tax | Transactions | Advisory

### About Ernst & Young

Ernst & Young is a global leader in assurance, tax & legal, transaction and advisory services. Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit [ey.com](http://ey.com).

Ernst & Young expands its services and resources in accordance with clients' needs throughout the CIS. Over 3,500 professionals work at 17 offices in Moscow, St. Petersburg, Novosibirsk, Ekaterinburg, Kazan, Togliatti, Yuzhno-Sakhalinsk, Almaty, Astana, Atyrau, Baku, Kyiv, Donetsk, Minsk, Tashkent, Tbilisi and Yerevan.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

[ey.com/cis](http://ey.com/cis)

© 2011 Ernst & Young

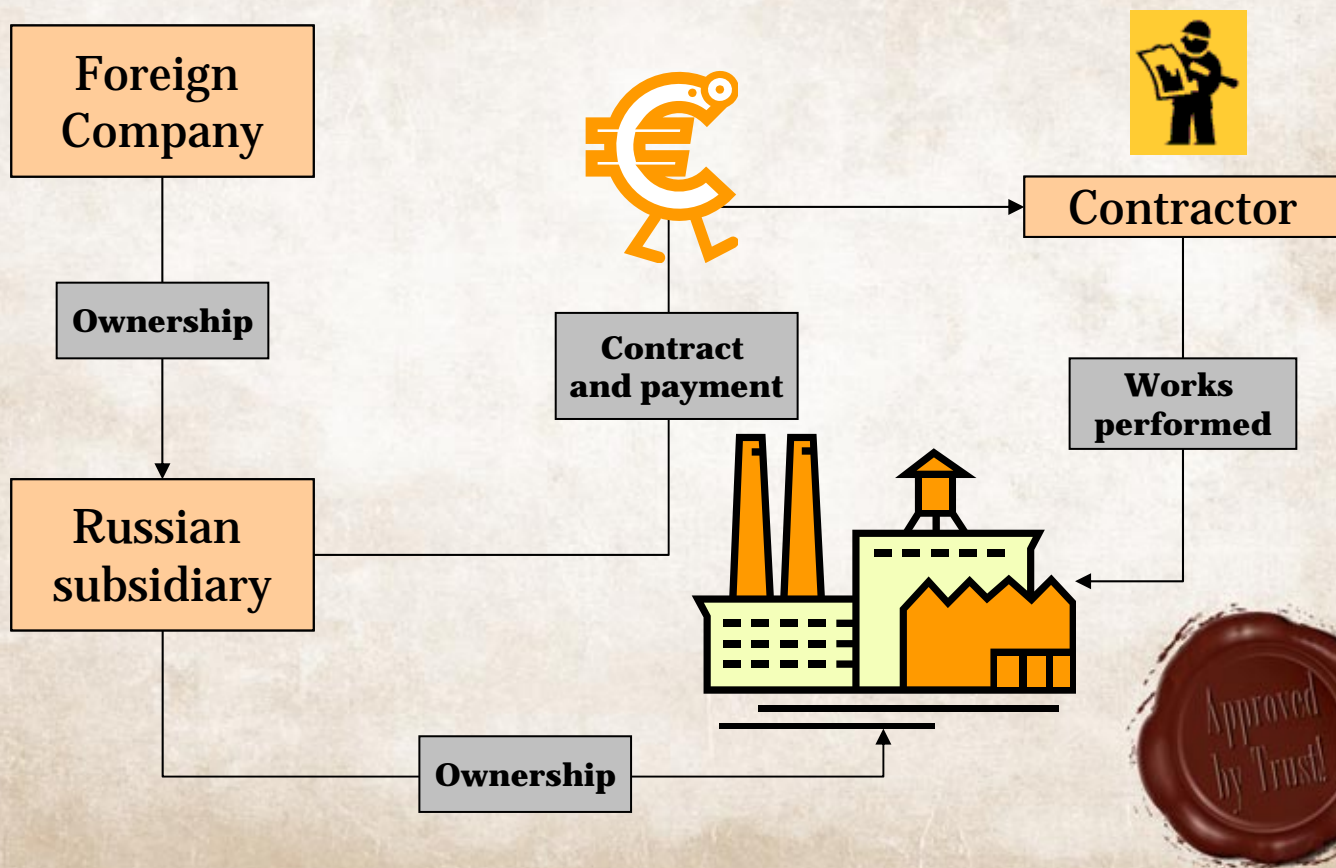
All rights reserved.

# The Private counsel

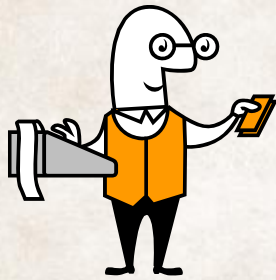


Tax issues in construction

## What do we talk about



We are INVESTING. How can there be any taxes???



VAT issues



Depreciation  
premium



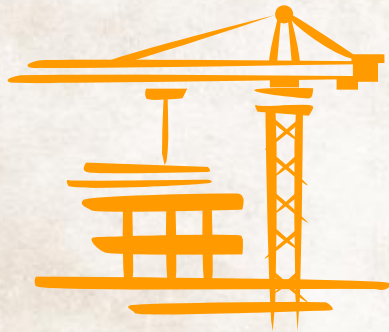
“Fly-by-night”  
Companies





## VAT issues.

Construction by own means or using contractors –  
VAT credited differently.



All amounts paid  
to the contractors  
are credited  
upon receipt of the  
VAT invoice

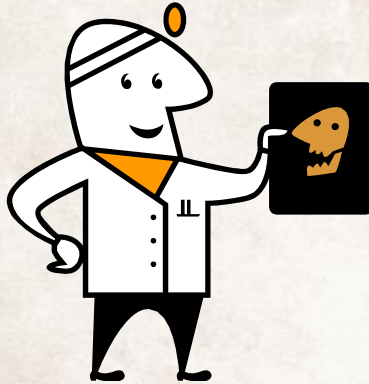


If construction is  
done by own  
means VAT is  
credited on the last  
day of the quarter





## VAT recovery.



VAT credited for  
the non-taxable  
activity (i.e. medical  
equipment)



Assets were contributed  
to the chartered capital or  
to the partnership within  
15 years from creation or  
within the depreciation  
period



## Depreciation premium.



(30%)



One will have to recover  
the premium  
if asset is  
transferred or sold  
in less than 5 years





## “Fly-by-night” Companies



Investor



Contractor



“Fly-by-night”  
Companies



### Outcome:

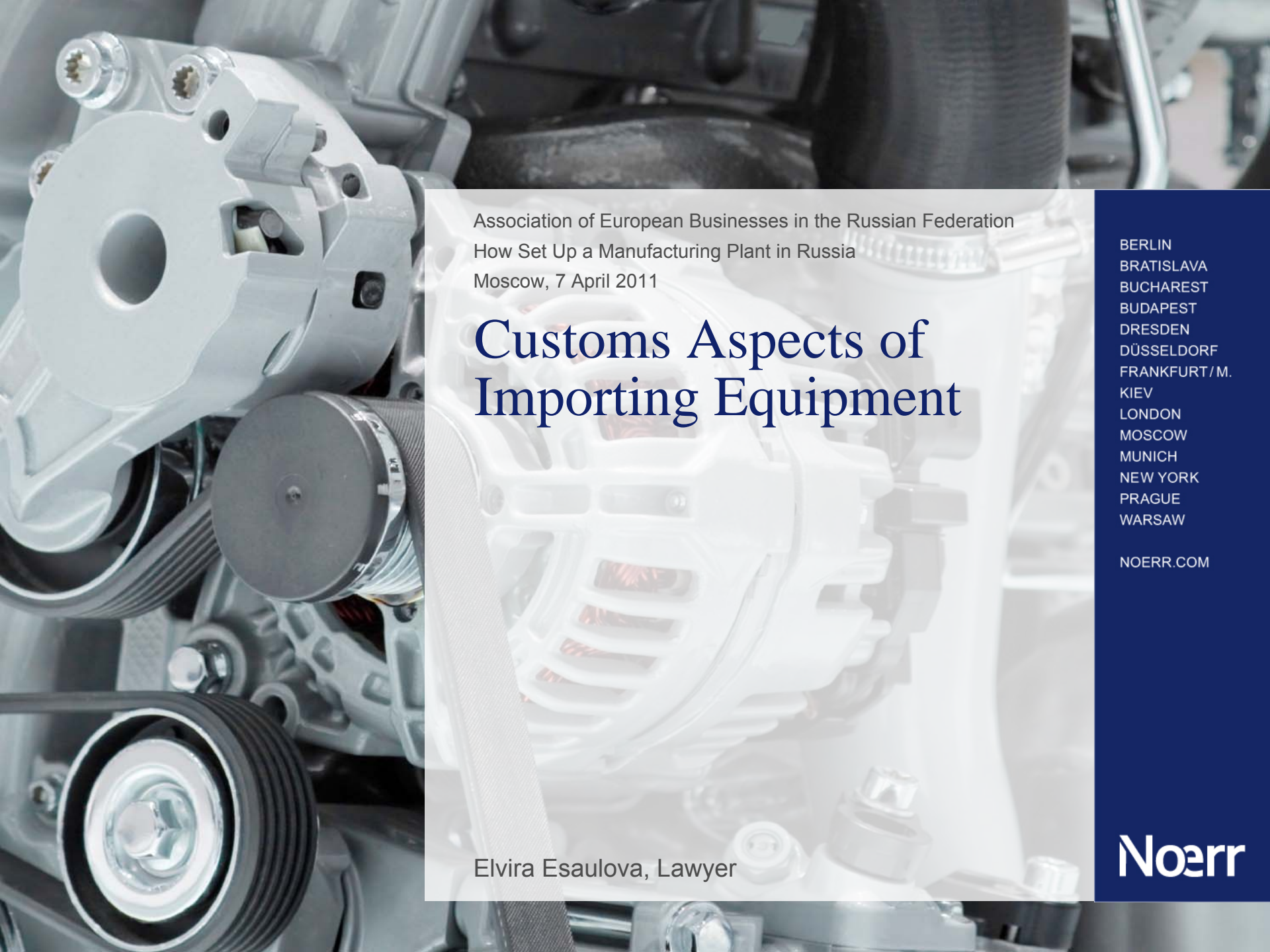
- ✓ No expenses deductible
- ✓ No VAT credit
- ✓ Tax fraud risks

**Yours Sincerely,  
The Private Counsel!**

**3-rd floor, 8, 3rd Kadashevsky per.,  
Moscow, Russia, 115054  
Tel./Fax: +7 (495) 649-8474  
[www.ds-law.ru](http://www.ds-law.ru)  
[info@ds-law.ru](mailto:info@ds-law.ru)**







Association of European Businesses in the Russian Federation  
How Set Up a Manufacturing Plant in Russia  
Moscow, 7 April 2011

# Customs Aspects of Importing Equipment

BERLIN  
BRATISLAVA  
BUCHAREST  
BUDAPEST  
DRESDEN  
DÜSSELDORF  
FRANKFURT/M.  
KIEV  
LONDON  
MOSCOW  
MUNICH  
NEW YORK  
PRAGUE  
WARSAW

[NOERR.COM](http://NOERR.COM)

Elvira Esaulova, Lawyer

**Noerr**



# Importing Equipment Under a Sale and Purchase Agreement (1)

## ■ General Rule:

- customs import tariff rate – according to Foreign Economic Activity Commodity Nomenclature (FEACN) of the Customs Union
- 18% import VAT

## ■ Customs Import Tariffs

- mainly range from 0% to 5% of the customs value of the imported equipment  
in some cases 15 – 20% (e.g., for simple metal equipment components – pipes and tubes, couplings etc.), occasionally higher
- exemption from payment – only in cases stipulated by the FEACN of the Customs Union (0% rate)
- it is possible to consider classifying different equipment components **under the single classification code** of the FEACN of the Customs Union, which could allow reducing the customs duty (e.g. the 0% rate would apply even to those components for which, were they imported separately, the rate is, for example, 5%)

\* **Risk: classification may be deemed incorrect** – it is recommended to obtain a preliminary decision of the Federal Customs Service regarding the classification of goods under the FEACN of the Customs Union (obtaining such a decision is mandatory when importing goods in several consignments)

# Importing Equipment Under a Sale and Purchase Agreement (2)

## ■ VAT

- **General Rule: 18%** (calculated based on the amount of the customs value and customs payments made)
- **VAT Deduction:** possibility of a rebate from the federal government

### ***! Lengthy process***

Conditions:

- imported equipment is accepted for customs clearance
- equipment is bought for operations that are subject to VAT (e.g., production of motor vehicle bodies)
- a complete set of documents necessary for the application of a tax deduction is submitted
- **VAT Exemption:** if the imported equipment is on the list of advanced technological equipment having no equivalents produced in Russia  
(the list is approved by the Russian Government and regularly updated; it is possible to include new equipment into the list)

# Importing Equipment as a Contribution to the Charter Capital

## ■ Exemption from payment of customs duties

If the applied rate of the import customs duty is not 0% (FEACN of the Customs Union), it is reasonable to import the equipment as a contribution to the share capital

## ■ To apply this exemption it is necessary to:

- make a decision on intention to increase the share capital and register it (creation of a new company by means of making in-kind contributions is not advisable)
- conduct an independent appraisal of the equipment (under both Russian and international standards)
- make a security payment
- approve the results of the share capital increase and register amendments to the charter
- meet the established import dates

## ***! Prohibition on disposition of equipment***

## ■ VAT – similar to import under a sale and purchase agreement

- 18% – general rule
- deduction of VAT paid
- exemption from VAT payment if the equipment is on the list of advanced technological equipment

# Thank you for your attention!



**Elvira Esaulova**  
Lawyer

[elvira.esaulova@noerr.com](mailto:elvira.esaulova@noerr.com)

Noerr OOO  
1-ya Brestskaya ul. 29  
125047 Moscow  
Russian Federation

T +7 495 7995696

F +7 495 7995697



# Offices

## **Berlin**

Noerr LLP  
Charlottenstraße 57  
10117 Berlin  
Germany  
T +49 30 20942000

## **Bratislava**

Noerr s.r.o.  
AC Diplomat  
Palisády 29/A  
81106 Bratislava  
Slovak Republic  
T +421 2 59101010

## **Bucharest**

S.P.R.L. Menzer & Bachmann -  
Noerr  
Str. General Constantin  
Budişteanu nr. 28 C, Sector 1  
010775 Bucharest  
Romania  
T +40 21 3125888

## **Budapest**

Noerr & Partners Law Office  
Fő utca 14-18  
1011 Budapest  
Hungary  
T +36 1 2240900

## **Dresden**

Noerr LLP  
Paul-Schwarze-Straße 2  
01097 Dresden  
Germany  
T +49 351 816600

## **Düsseldorf**

Noerr LLP  
Speditionstraße 1  
40221 Düsseldorf  
Germany  
T +49 211 499860

## **Frankfurt am Main**

Noerr LLP  
Börsenstraße 1  
60313 Frankfurt am Main  
Germany  
T +49 69 9714770

## **Kiev**

Noerr TOV  
Vul. Khreschatyk, 7/11  
01001 Kiev  
Ukraine  
T +380 44 4953080

## **London**

Noerr LLP  
25 Old Broad Street  
London EC2N 1HQ  
United Kingdom  
T +44 20 75624330

## **Moscow**

Noerr OOO  
1-ya Brestskaya ul. 29  
125047 Moscow  
Russian Federation  
T +7 495 7995696

## **Munich**

Noerr LLP  
Brienner Straße 28  
80333 Munich  
Germany  
T +49 89 286280

## **New York**

Noerr LLP  
Representative Office  
885 Third Avenue, Suite 2406  
New York, NY 10022  
USA  
T +1 212 4331396

## **Prague**

Noerr v.o.s.  
Na Poříčí 1079/3a  
110 00 Prague 1  
Czech Republic  
T +420 233112111

## **Warsaw**

Noerr Sp. z o.o. Spiering Sp. k.  
Al. Armii Ludowej 26  
00-609 Warsaw  
Poland  
T +48 22 5793060



# Association of European Businesses

## How to set up a manufacturing business in Russia

7<sup>th</sup> April 2011

# Introductions

## Project Management Round Table Panel

Gary Bacon-

Country Representative

Mott MacDonald

Ian Chadsey-

Associate Director

Jones Lang LaSalle

Andrea Kind-

Commercial Director

MerloniProgetti

# Discussion Topic-

***'The issues that clients face in setting up a manufacturing facility in Russia- the risks and issues from a Project Manager's perspective.'***

## First Stage- Planning and Site Selection

- Location factors
- Due Diligence
- Utilities
- Zoning Restrictions

# Discussion Topic-

*'The issues that clients face in setting up a manufacturing facility in Russia- the risks and issues from a Project Manager's perspective.'*

## Second Stage- Design, Approvals and Procurement

- Selecting a project team
- Procurement route
- Programming / Time schedule
- Forms of Contract
- Approvals process
- Cost



# Discussion Topic-

***'The issues that clients face in setting up a manufacturing facility in Russia- the risks and issues from a Project Manager's perspective.'***

## **Third Stage- Construction and Commissioning**

- Safety
- Supply Chain / Labour
- Quality Control
- Programme Control
- Handover and Commissioning

# Thank you