

RSPP, VEGAS LEX DISCUSS POSSIBILITIES TO EXPAND LOCALIZATION OF MANUFACTURING AND SPECIAL INVESTMENT CONTRACTS IN RUSSIA

On November 15, 2016, RSPP hosted a conference on ways to localize production facilities in the Russian Federation and the new tool to stimulate producers, the Special Investment Contract, organized by RSPP and VEGAS LEX.

On November 15, VEGAS LEX and RSPP held a conference, *Localization of production in Russia: special investment contracts and other state support measures. Benefits and prospects for business*. The participants discussed the prospects of development and implementation of SIC* and localization of production with major industrial enterprises in various branches of economy.

VEGAS LEX Managing Partner [Alexander Sitnikov](#) and RSPP Vice-President for Economic Policy and Competitiveness **Maria Glukhova** moderated the conference.

RSPP President Alexander Shokhin delivered a welcoming speech. *“In recent years, Russia has developed a solid system of measures to support production and the local production is growing actively,”* he said. *“Despite the fact that many companies are already using the appropriate tools, including SIC, businesses still have a lot of questions. The purpose of the conference is to analyze the results of applying the policies that stimulate local manufacturing and make adjustments in the requirements for specific projects entitled to state support, as well as in systemic issues.”*

VEGAS LEX Partner, Head of Special Projects [Maxim Grigoryev](#) explained what SIC is and what steps companies need to make to use it; he listed the advantages that SIC gives the investor, and what problems face those who decide to use this tool.

[Denis Shtirbu](#), Head of PPP and infrastructure practice at VEGAS LEX, in his speech drew attention to the relevance of the issue for the government and the business, to the difference between SIC and other forms of cooperation between the state and business, and compared SIC with an investment contract and a PPP agreement.

Michael Ritter, Commercial Director of CLAAS (Russia), spoke about the process of interaction with all the participants of the consultations, preparation and signing of the first SIC** in Russia. He focused on specific practical aspects of the new tool, and identified the main question that every company that wants to use it should ask: Why do we need the SIC?

The discussion was also attended by Director of the Department of Strategic Development and Project Management at the Ministry of Industry and Trade of Russia **Alexey Uchyonov**, head of the FAS public services and retail oversight **Timofey Nizhegorodtsev**; Head of the Department of Machine Tool Building and Investment Machine Building at the Ministry of Industry and Trade of Russia **Mikhail Ivanov**; CEO of the Association of European Businesses **Frank Schauff**; Director of the Institute of Legal Regulation of HSE **Anna Dupan**; CCI Vice-President **Dmitry Kurochkin**; Head of the Monitoring of Regional Industrial Development Program of the Department of Regional Industrial Policy at the Ministry of Industry and Trade of Russia **Sergey Gorbachev**; Deputy Director General of special economic zone Lipetsk **Alexey Istomin**; Head of Siemens Healthineers LLC **Svetlana Gerbel**; Commercial Director of CLAAS **Michael Ritter**; Government Relations and Public Affairs Manager at Sanofi Group Russia **Tatyana Smirnova**; a leading expert of the expert-analytical support of the Industrial Policy Department at the Industry Development Fund **Yekaterina Suslennikova**.

** At the end of 2014, Russia adopted Federal Law No. 488-FZ, On the Industrial Policy of the Russian Federation, which introduced a new tool termed a special investment contract. An SIC is different from concession agreements and other PPP contracts because here the government does not invest any funds or property in the project. Under an SIC, investors undertake to create new or modernize existing production facilities (the object of investment),*

while the state agrees to provide the investor with unprecedented privileges, preferences or other benefits as incentives on the part of the federal government, regions or municipalities.

*** The German company CLAAS and the Russian Federation have entered into the country's first federal special investment contract (SIC) prepared by VEGAS LEX. The VEGAS LEX project team prepared the required documents, and was directly involved in the negotiations for the conclusion and subsequent implementation of the SIC in the interests of CLAAS. We analyzed the existing and planned incentives and government support measures, made significant adjustments to CLAAS business plan and drafted several alternative SIC projects. The firm also represented the interests of CLAAS in negotiations with representatives of the Industry and Trade Ministry, the Ministry of Agriculture, the Industry Development Fund, the HSE and others.*
http://www.vegaslex.ru/media/news/claas_with_the_support_of_vegas_lex_signed_the_first_federal_spetsinvestproject/

For more information on VEGAS LEX's services and support of investment projects, please go [here](#).