

Special Economic Zones: New Investment Opportunities in Russia

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Economic Zones

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Major Concerns of Investors in Russia

- Bureaucracy and administrative barriers
- Outdated infrastructure
- Access to land and security of ownership rights

Special Economic Zones: New Investment Tool

- Special Economic Zone Policy – the answer to investor's concerns
- Special Economic Zone Policy
 - Pilots leading the way for Russian economy
 - Working towards improvement of investment climate in key sectors

Addressing the Issues

In 2005:

- Governing legislation
 - Federal Act on Management of Special Economic Zones
- Implementing Federal Government Authority
 - Federal Agency for Management of Special Economic Zones

Federal Agency for Management of Special Economic Zones

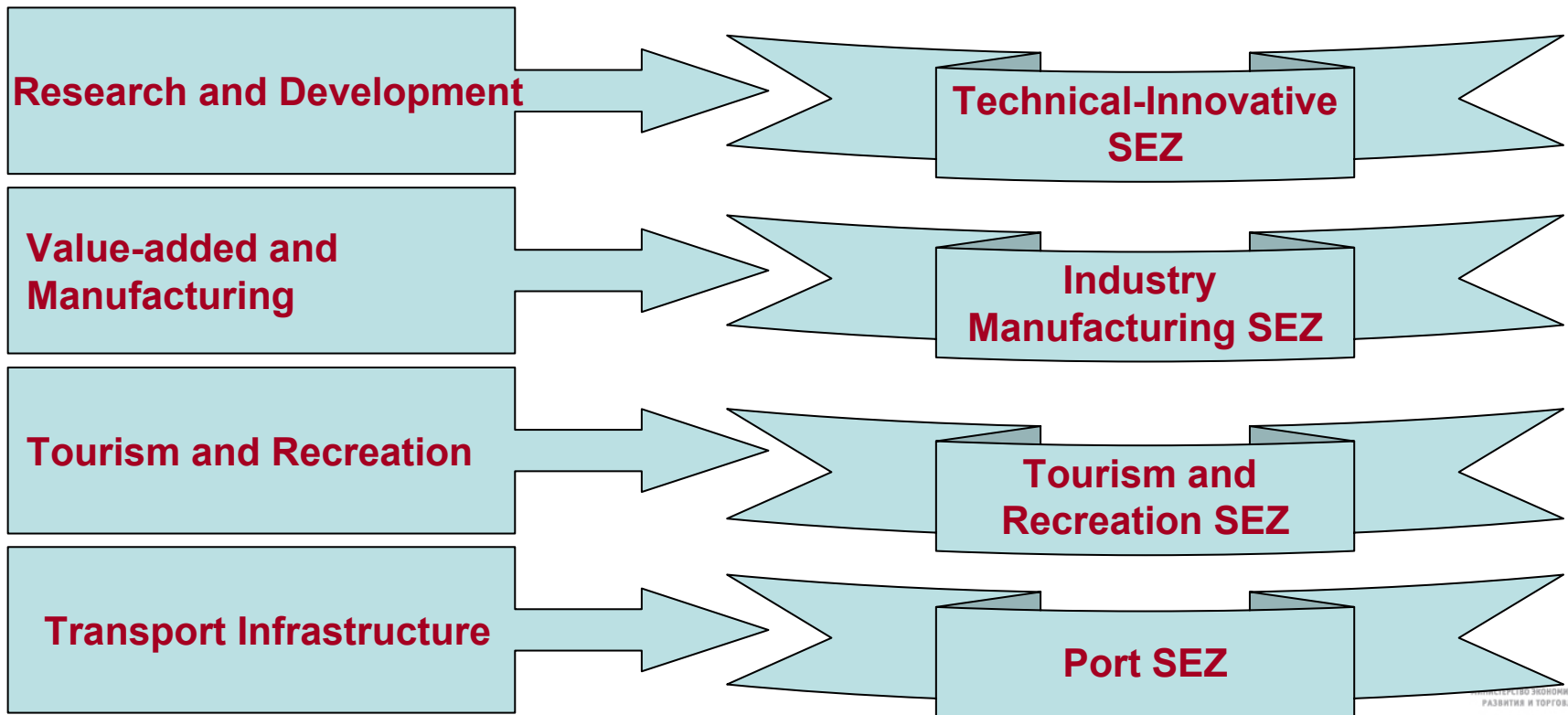
Mission:

- Facilitating production of competitive and innovative goods and services through development and supporting of investor friendly business environment

SEZ: Focusing on Infrastructure Development for Key Sectors of Economy

Key Sectors of the Economy

Types of Special Economic Zones



МИНИСТЕРСТВО ЭКОНОМИЧЕСКОГО
РАЗВИТИЯ И ТОРГОВЛИ РФ

Special Economic Zones Geography



Moscow City Technical Innovative SEZ

- IT sector
- Development of new materials
- Nanotechnology
- Biotechnology
- Medical Technologies



Innovative infrastructure Development

- Innovative Center 18 thousand sq. meters
- Business Center and Exhibition facilities – 16 thousand sq. meters
- Staff Training Center 15 thousand sq. meters
- Technology Transfer Center 10 thousand sq.m
- Public Use Facilities Center – 30 thousand sq. meters
- Specialized Training Center – 8 thousand sq.m

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Saint Petersburg Technical Innovative SEZ

- Types of activities:**
- Precise and analytical devices
 - Medical equipment
 - Software Development
 - IT and telecom
 - Biotechnology
 - New materials.



Innovative infrastructure Development

- Innovative Center - 30 thousand sq. meters
- Business Center and Exhibition facilities – 25 thousand sq. meters
- Technology Transfer Center with business incubator- 15 thousand sq.m

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Tomsk Technical Innovative SEZ

Types of activities:

- Micro and nano electronics
- Optical electronic devises
- IT and telecom systems
- Bioinformation and biocensor technologies
- Nanotechnologies and Nano-materials



Innovative infrastructure Development

- Innovation and Technology Center 59,8 thousand sq. meters
- Business Center and Exhibition facilities – 35 thousand sq. meters
- Engineering Center 59,8 thousand sq. meters
- Science Implementation Center 58,5 thousand sq. m



Центр инноваций и технологий (площадка «Южная»)

Dubna, Moscow Region Technical Innovative SEZ

Types of activities:

- IT
- nuclear physics technologies
- nanotechnologies

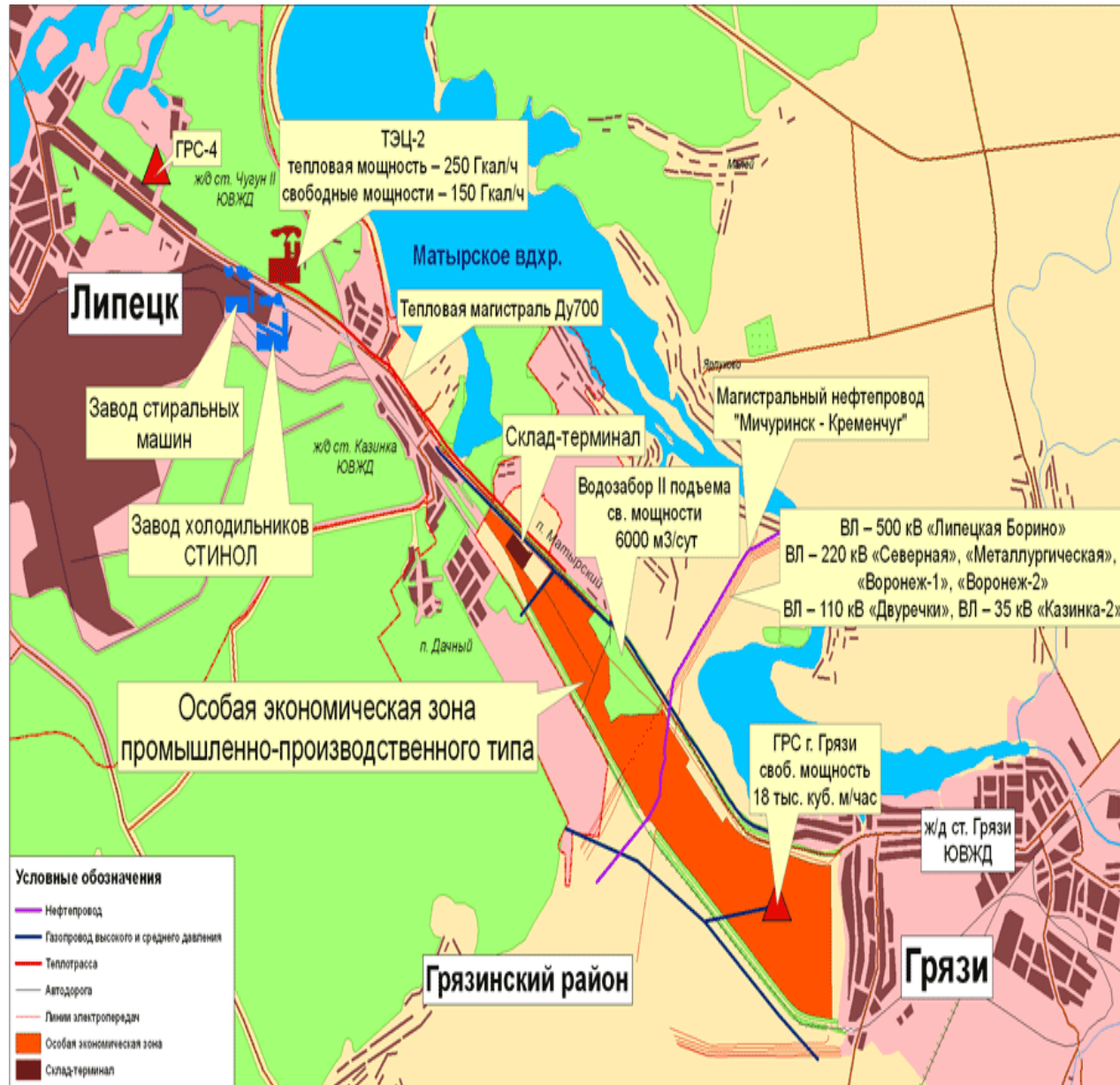


Innovative infrastructure Development

- Innovative Technology Center 38,2 thousand sq. meters
- Business Center and Exhibition facilities – 23,5 thousand sq. meters



Lipetsk Region Production Manufacturing SEZ



Types of activities:

- Production of household appliances
- Glass manufacturing
- Food processing
- Bio ethanol
- Animal feed supplements

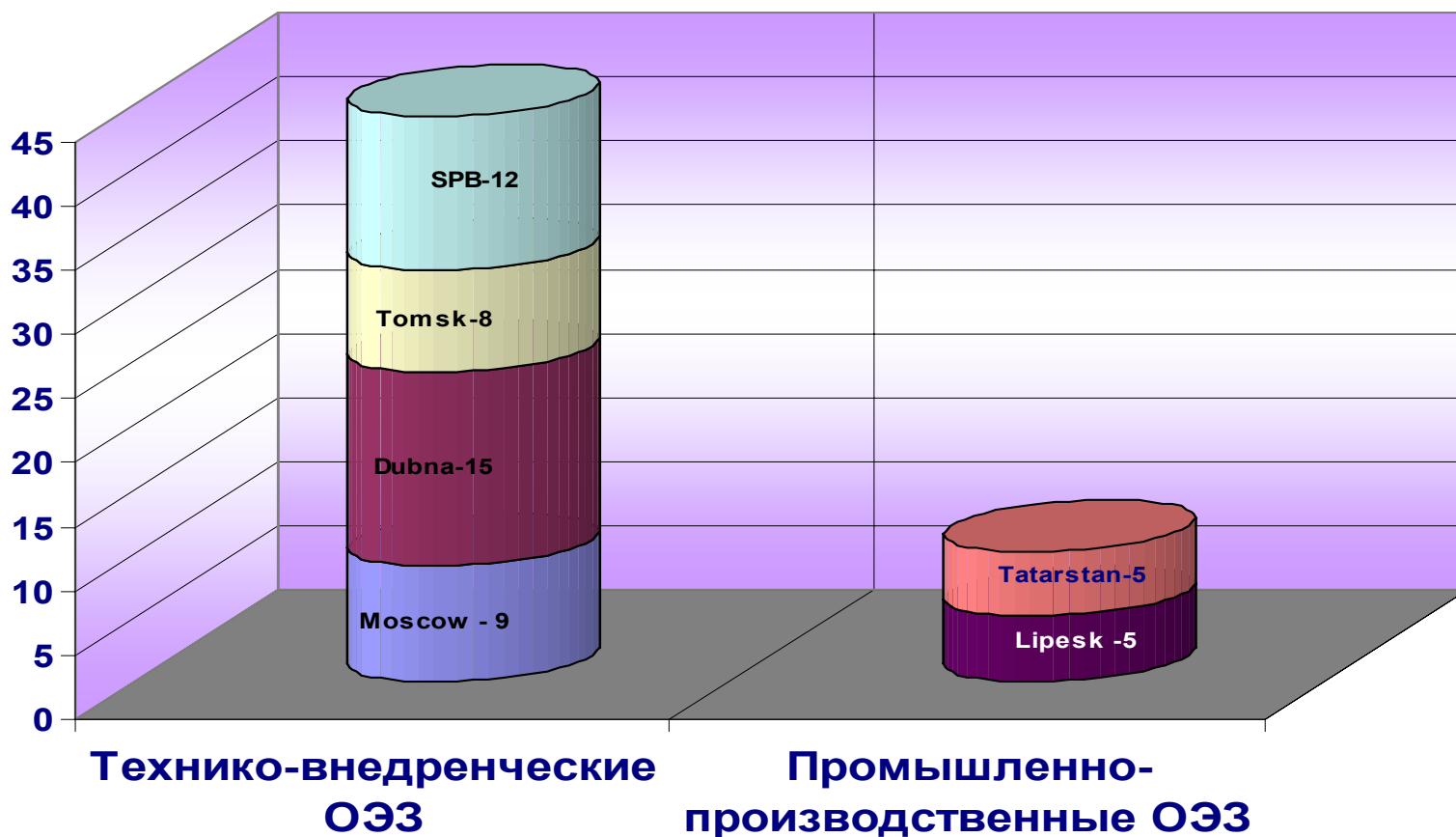
Elabuga, Tatarstan Production Manufacturing SEZ



Types of Activities:

Car manufacturing
Petrochemical
Construction Materials

Companies with SEZ Resident Status (expected in Dec 2007)

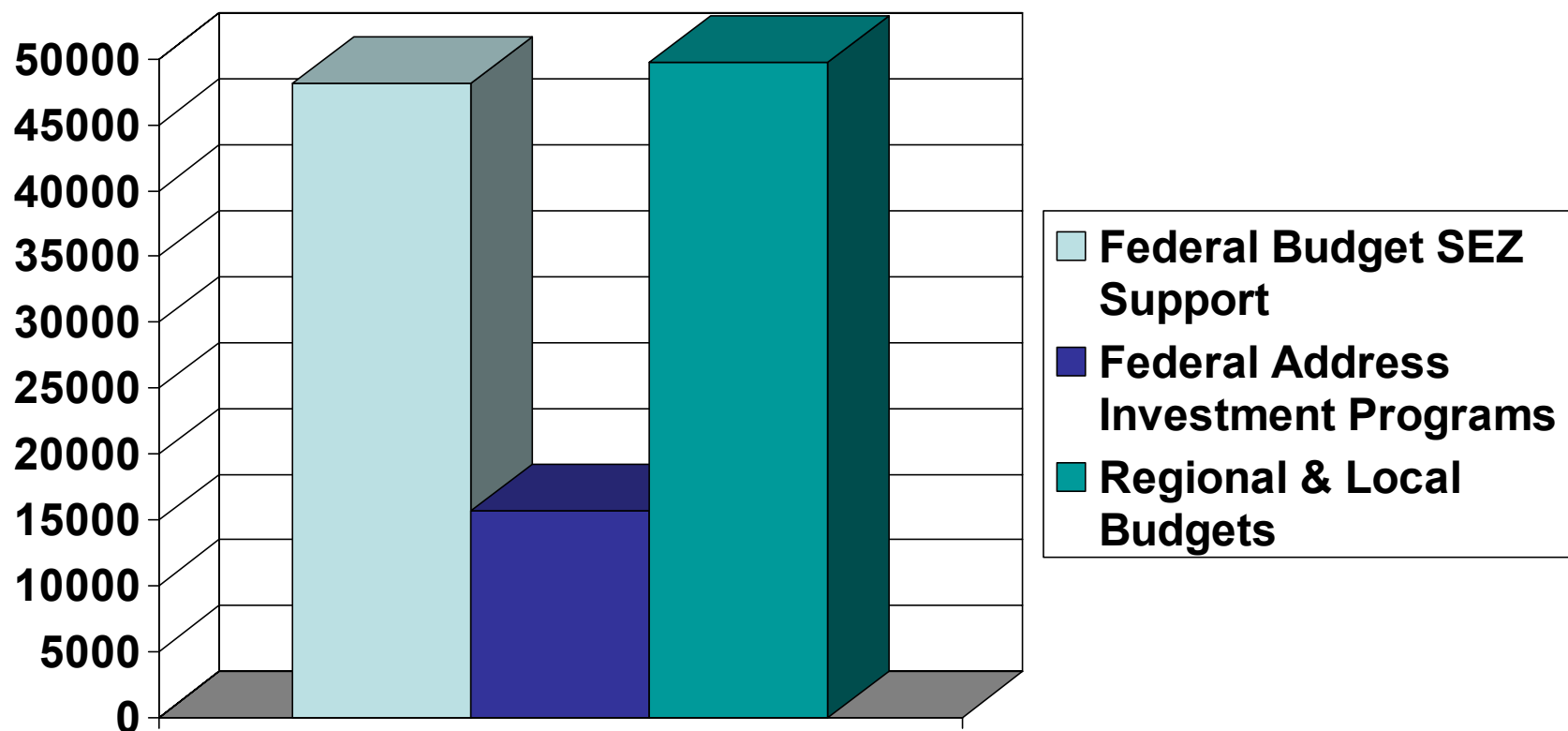


Development of Vibrant Business Environment



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SEZ Development Public Funding Support, 2006 – 2010, million Rubles



SEZ Provides Modern Engineering and Technical Infrastructure



Federal Budget Funding Support

- Power supply
- Water supply
- Gas supply
- Sewer and water treatment
- IT infrastructure

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SEZ: Government Services through “Single Window”



Elabuga SEZ Business Centre

Tax incentives in SEZ

	Profit tax in Lipetsk and Tatarstan (%)	Company property tax (%)	Land tax (%)	Unified social tax In Technical Innovative SEZ (%)
Outside SEZ	24	2,2	1,5	26
Inside SEZ	20	0	0	14

Customs Incentives in SEZ*

- No Custom Duties on all goods, supplies or machinery shipped to the SEZ
- Full VAT refund on all Russian goods, supplies or machinery shipped to the SEZ
- Customs Duties and VAT applicable when goods produced inside SEZ are delivered outside the SEZ inside Russia

* Not applicable to Tourist and Recreational SEZ's

Elabuga SEZ Customs Terminal in Construction



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РАЗВИТИЯ И ТОРГОВЛИ РФ



Elabuga SEZ Customs Terminal Building



МИНИСТЕРСТВО ЭКОНОМИЧЕСКОГО
РАЗВИТИЯ И ТОРГОВЛИ РФ

Elabuga SEZ Customs Terminal Building



МИНИСТЕРСТВО ЭКОНОМИЧЕСКОГО
РАЗВИТИЯ И ТОРГОВЛИ РФ

РосОЭЗ
ФЕДЕРАЛЬНОЕ АГЕНТСТВО
ПО УПРАВЛЕНИЮ ОСОБЫМИ
ЭКОНОМИЧЕСКИМИ ЗОНАМИ

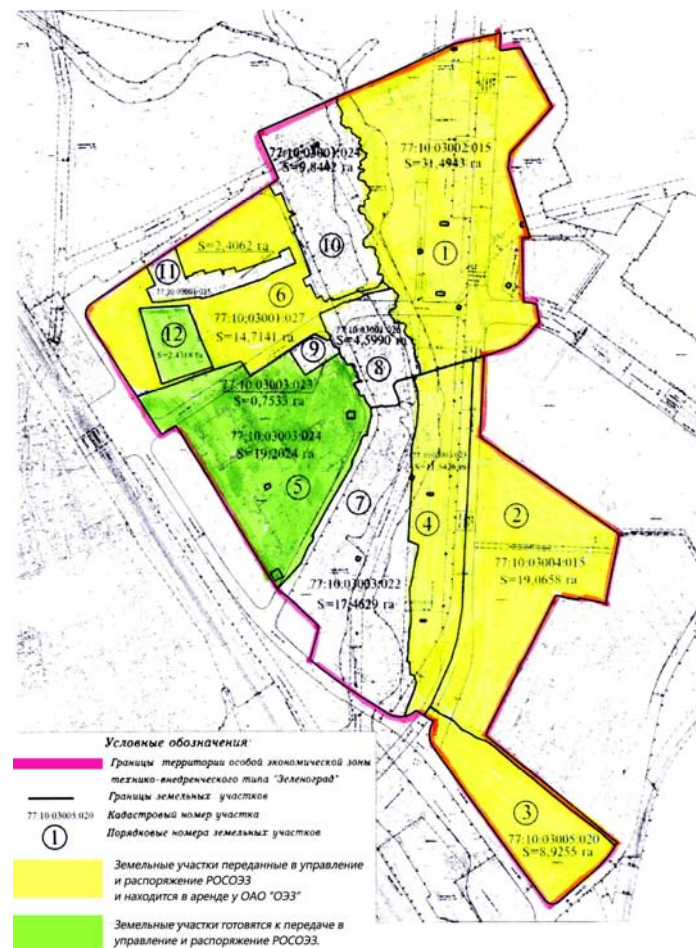
Elabuga SEZ Entry Checkpoint



МИНИСТЕРСТВО ЭКОНОМИЧЕСКОГО
РАЗВИТИЯ И ТОРГОВЛИ РФ

Access to Land and Security of Ownership Rights

- Land parcels are provided at the request of companies that seek the SEZ Resident Status
- Original Lease Agreement with Government with Lease Amount not acceding 2% of taxable value
- Following fulfillment of conditions of investment agreement an SEZ Resident Company has the right to purchase the land parcel it occupies



Example: Land lease and sale in Tatarstan SEZ

A 10 hectare land parcel with utilities infrastructure:

- Lease amount: \$7,700 US per annum
- Sale price: \$17,400 US



SEZ: Technical Innovative and Industry Manufacturing Development Phases

2007 г.

2007 - 2010 гг.

2007 - 2012 гг.



Development and Construction of Customs Infrastructure and Administrative and Business Centers



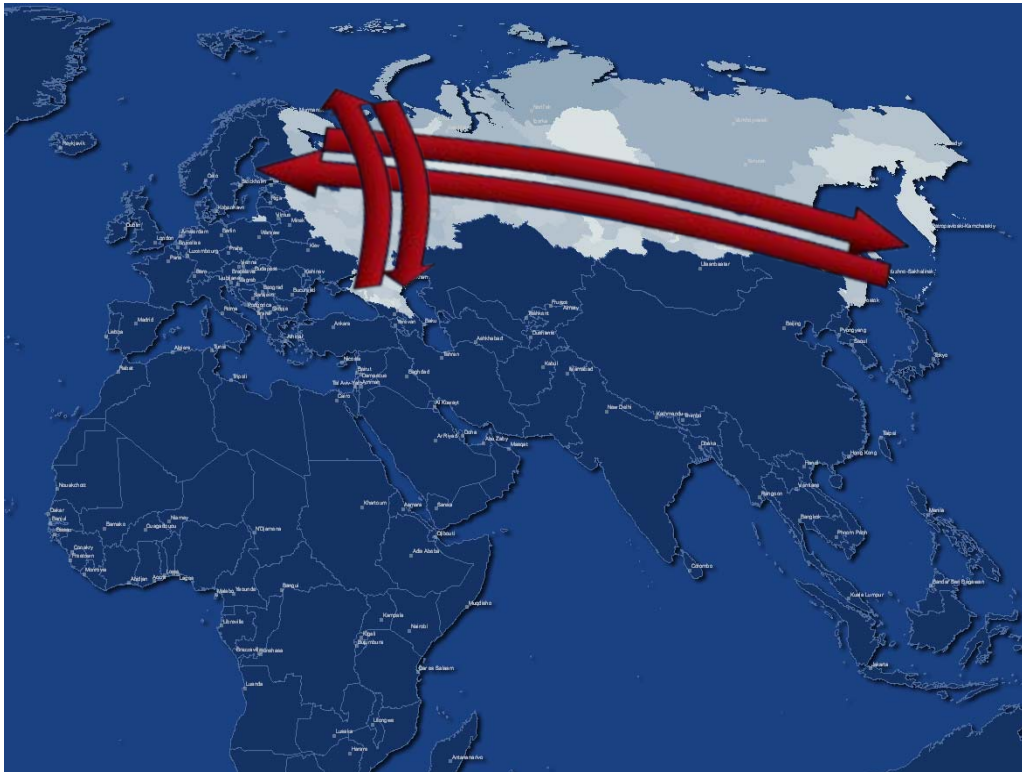
- Development and Construction of Utilities and Transport Infrastructure
- At Least 50% of Expected Residents Become Operational



Full Scale Operation

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Port SEZ: New Development Sector



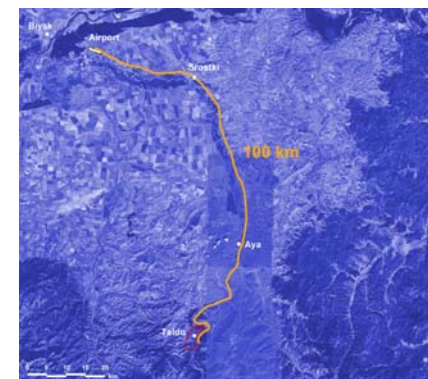
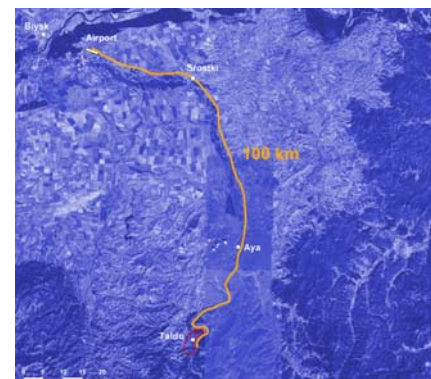
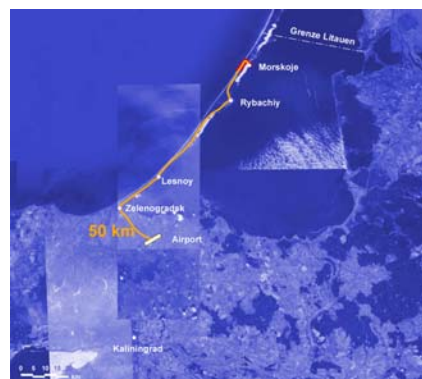
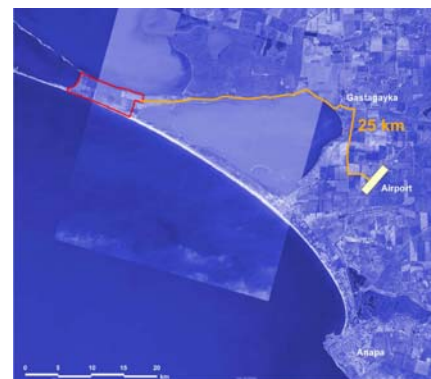
- Federal Law N240-FZ on development of port SEZ signed by President Putin on October 30 2007
- Bidding procedures for establishment of port SEZ locations are expected to start early in 2008

Port SEZ: Main Features

- Maximum area: 50 Sq. km
- Life duration: 49 years
- Types of Port SEZ operations
 - Loading-unloading works
 - Goods warehousing and storage as well as forwarding services
 - Supplying and equipping vessels, fitting out of vessels (airplanes) with marine and in-flight stores
 - Repairs, technical maintenance and upgrade of vessels and vessels equipment, airplanes and aviation equipment, including engines and other assemblies
 - Processing and conservation of fish and seafood
 - Pre-sales preparation of goods (packing, re-packing, splitting, reinforcement, marking, etc.)
 - Simple assembly operations under the list approved by the RF Government
 - Commodity exchange sales
 - Wholesale trade
 - Financing support for SEZ port infrastructure



Development of Tourist & Recreation Zones in Russia

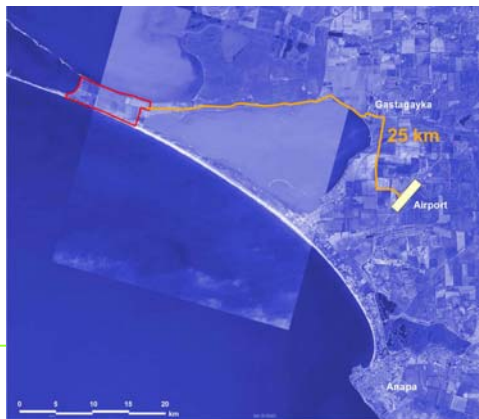


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Tourist and Recreational SEZ: New Brand Names



Anapa Nova



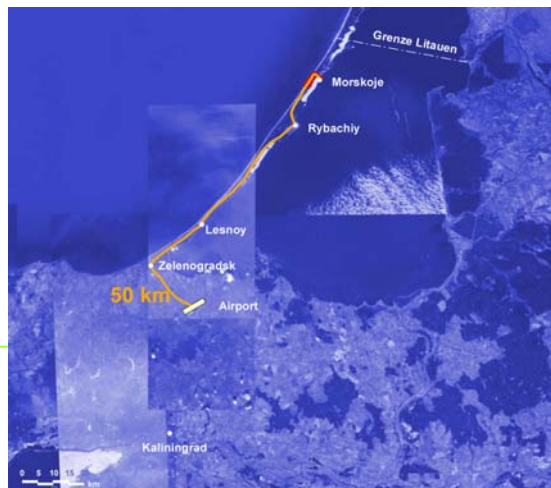
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РАЗВИТИЯ И ТОРГОВЛИ РФ



Anapa Nova



Curonian Spit



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РАЗВИТИЯ И ТОРГОВЛИ РФ

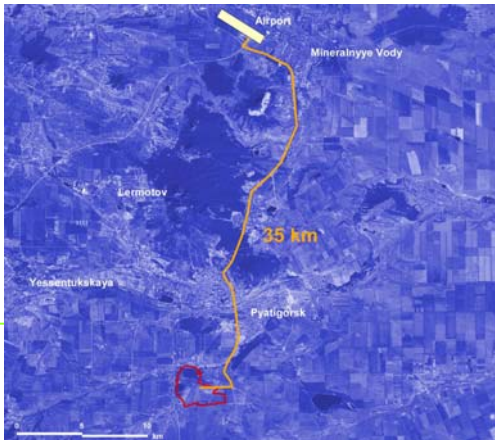


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ЭКОНОМИЧЕСКИМИ ЗОНАМИ

Curonian Spit: Perspective



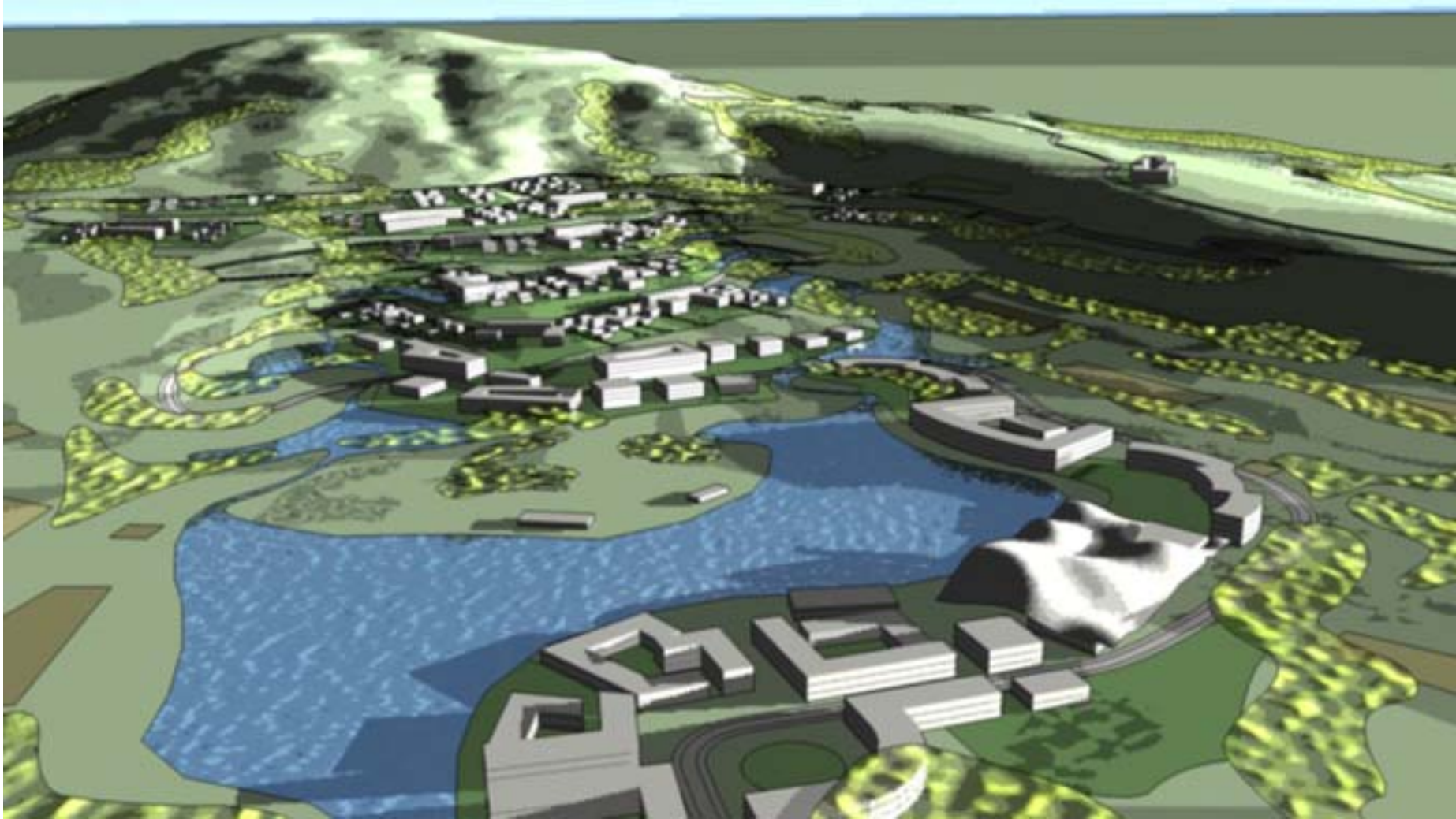
Grand Spa Yutsa



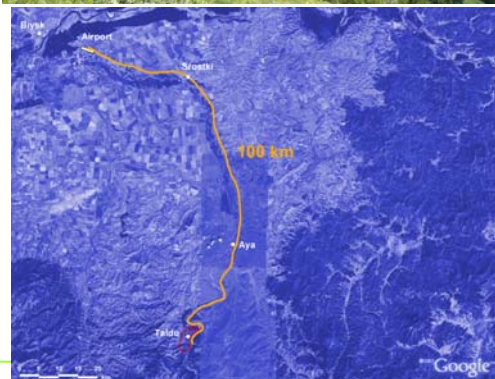
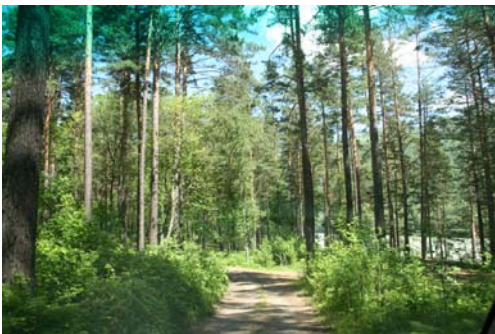
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Grand Spa Yutsa: Perspective



Sky Blue Katun



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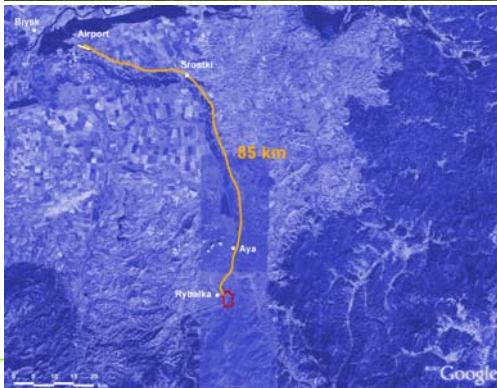


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Sky Blue Katun: Perspective



Altai Valley



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Altai Valley: Perspective



Conclusion

1. We encourage business community to keep an eye on development of Special Economic Zones in Russia and take advantage of the opportunities they provide
2. Federal Agency for Management of Special Economic Zones is committed to its' Mission and looking forward to collaboration with international business partners



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