

Comparative analysis: SPIC 2.0 vs SZPK (key aspects)

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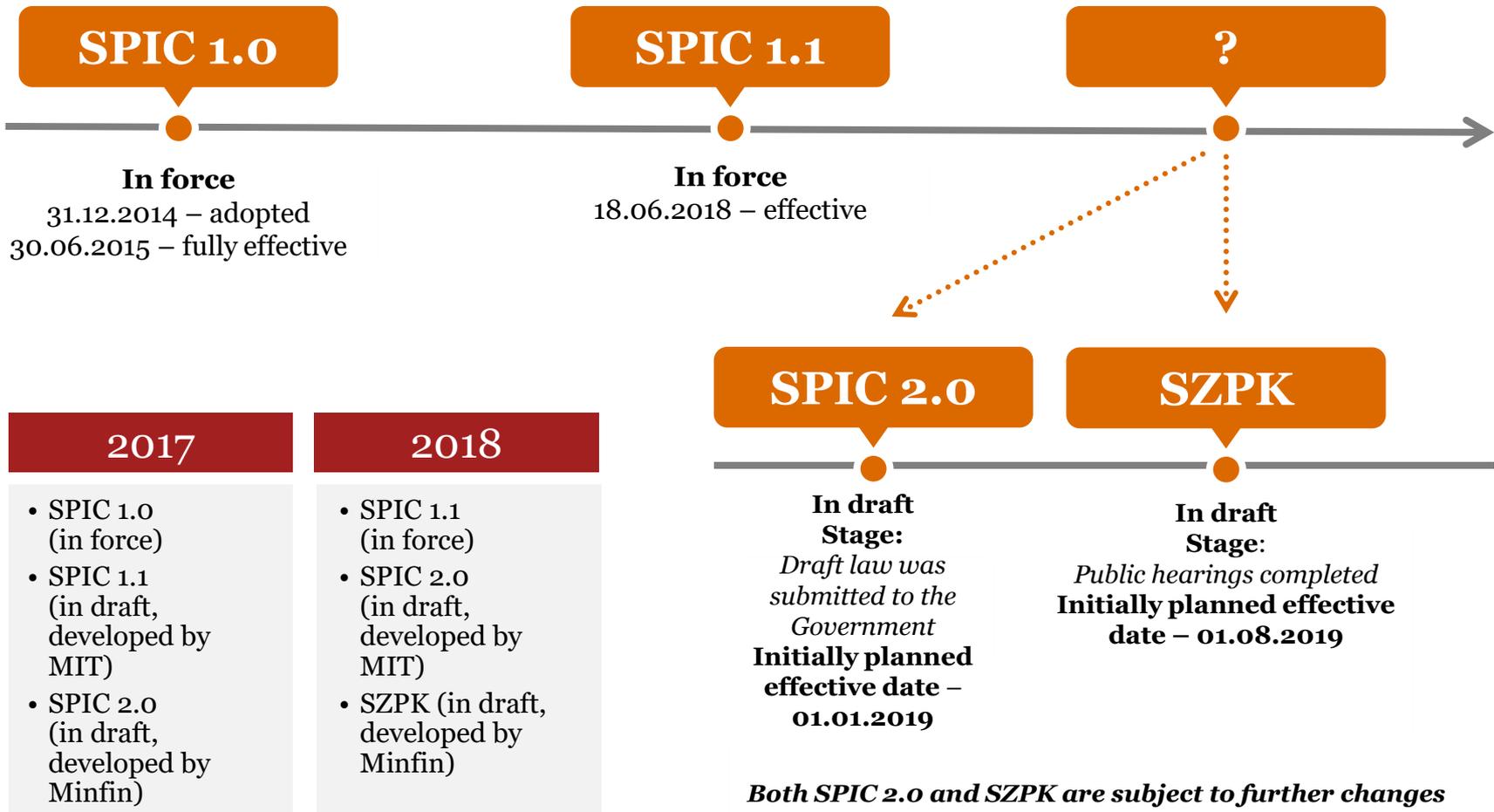


Abbreviations

Abbreviation	Definition
SPIC 2.0	Special investment contract as provided by the draft Federal Law “On introduction of amendments to the Federal Law “On industrial policy in the Russian Federation”. Link to regulation.gov.ru: http://regulation.gov.ru/projects#StartDate=1.1.2018&npa=82853
SZPK	Agreement on protection and promotion of investments as provided by the draft Federal Law “On protection and promotion of investments in the Russian Federation and introduction of changes to certain regulations of the Russian Federation”. Link to regulation.gov.ru: http://regulation.gov.ru/projects#npa=85307

A photograph of industrial equipment, likely a water treatment or chemical processing plant. It features large green cylindrical tanks or pipes connected by a network of smaller pipes and valves. Metal railings and walkways are visible, suggesting a multi-level structure. The scene is brightly lit, indicating an outdoor or well-lit indoor environment.

Regulatory developments on a timeline



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Criteria	SPIC 2.0*	SZPK*
Industries	<ul style="list-style-type: none"> • Available only in respect of production-based industries 	<ul style="list-style-type: none"> • Available not only in production-based, but also in a number of services/IP/infrastructure based industries
Parties (public side)	<ul style="list-style-type: none"> • Russian Federation; • Region(s) of the Russian Federation; • Municipality 	<ul style="list-style-type: none"> • Russian Federation; • Region(s) of the Russian Federation; • State related entities
Parties (private side)	<ul style="list-style-type: none"> • One or more investors • One or more project companies (can be investor(s)) • Other involved entities (industrial entity, engineering center, distributors, etc.) 	<ul style="list-style-type: none"> • Investor • Co-investor (s) (key role – co-financing) • Project company (can be investor or shall be controlled by investor) • Other involved entities
Conclusion	<p>Initiator of federal SPIC:</p> <ul style="list-style-type: none"> - <u>investor</u>: open tender (<u>no</u> tender if products are for military/dual use or if there are no interested parties upon results of public hearings); - <u>public partner</u>: open or closed tender (if products are for military/dual use) 	<ul style="list-style-type: none"> • By submitting declaration on implementation of the project to the responsible body (no tender)

* Comparison is made on the basis of the draft documents that are currently available at regulation.gov.ru and that may be subject to further changes.

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Criteria	SPIC 2.0	SZPK
Investment threshold	<ul style="list-style-type: none"> Not less than RUB 1 bln The amount of investments should be higher than the amount of support measures to be granted by the state 	Not less than RUB 3 bln (own funds only).
Other key qualification criteria	In addition to the volume of investments to develop or introduce modern technology for production of unique products (no analogues in Russia) or products that can be competitive on global markets .	Total budget of the investment project is not less than RUB 10 bln . No specific requirements to the characteristics of the project.
Key performance indicators	<ul style="list-style-type: none"> To manufacture and sell products (in cash terms) To pay taxes /other mandatory payments To create workplaces, etc. 	May be provided by other regulations.
Duration	<p>Up to 15 years - if investments are less than RUB 50 bln</p> <p>Up to 20 years - if investments are higher than RUB 50 bln</p>	<p>6 years - if own investments do not exceed RUB 30 bln</p> <p>12 years - if own investments are RUB 30 bln or higher</p> <p>18 years - if the period of investments in fixed capital exceeds 6 years</p> <p>Duration may be extended for additional 6 years in case of reinvestment</p>

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Criteria	SPIC 2.0	SZPK
Major non-tax related incentives	Stability of overall legal regime concerning the products, process of their design, manufacturing, etc. (with exceptions , e.g. changes are made further to international obligations, to ensure safety of products as per EAEU laws), but to be granted to the project company only .	<ul style="list-style-type: none"> • Stability of overall legal regime for the project company (including against changes under international obligations); • Tax recurring financing (reimbursement of expenses incurred in connection with the project in the form of subsidies in the amount not exceeding the amount of taxes paid within the framework of the project); • State related entities may commit to provide certain support measures (including purchase products manufactured within SZPK)
Responsibility	<ul style="list-style-type: none"> • Failure on a private side – right to claim losses (loss of profit is excluded) as one of the key consequences. Responsibility of investor/project company is limited to volume of support measures (those which could be quantified) received from the public partner. • Failure on a public side – right to claim losses. 	<ul style="list-style-type: none"> • Failure on a private side – right to claim losses (loss of profit is excluded) as one of the key consequences. Amount of damage to be paid by the investor shall include the amount of funds not paid by the project company / investor as a result of granting stability of legal regime. • Failure on a public side – right to claim losses.

Thank you!



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