



Russian Federation

Smolensk Region

INVEST IN SMOLENSK REGION



General Information



Area
49 800 sq. km.



Population
965 000 people



Electricity
Consumption/Generation
20%



Gross Regional
Product
RUB 250 bn
(\$6.5bn)



Manufacturing
Product
RUB 137 bn
(\$3.5bn)



Agricultural Product
RUB 20 bn
(\$0.5bn)



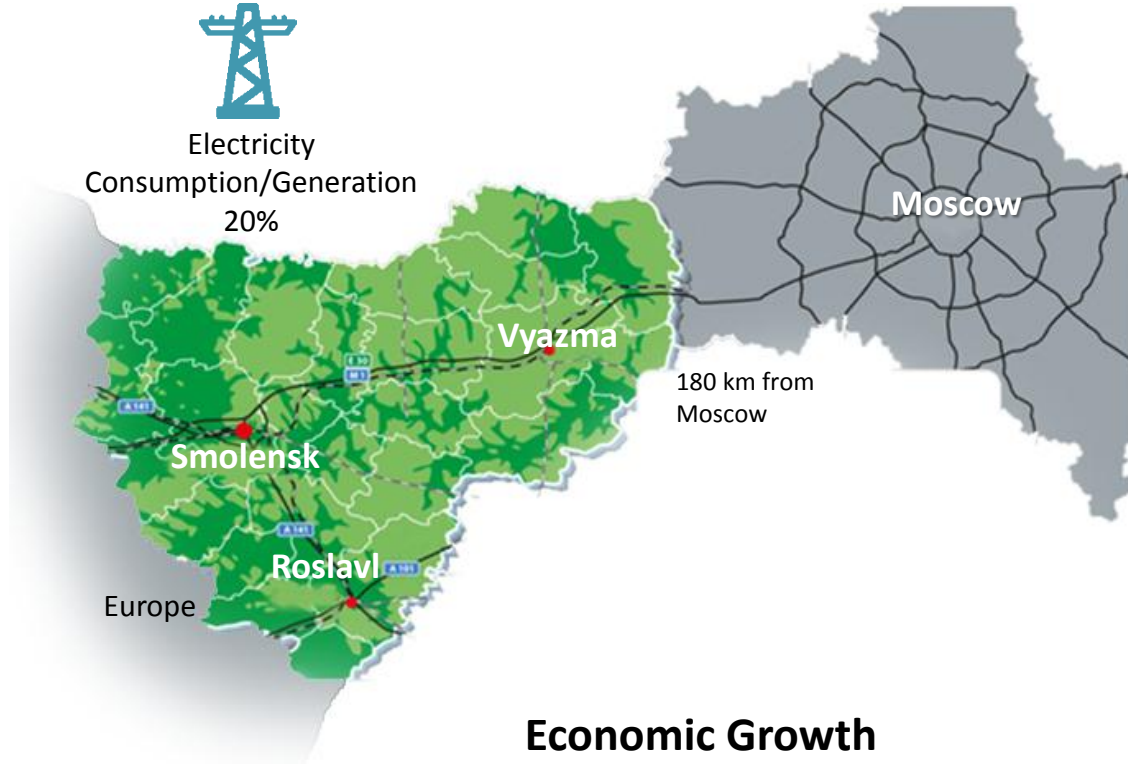
Retail Trading
RUB 145 bn
(\$3.8bn)



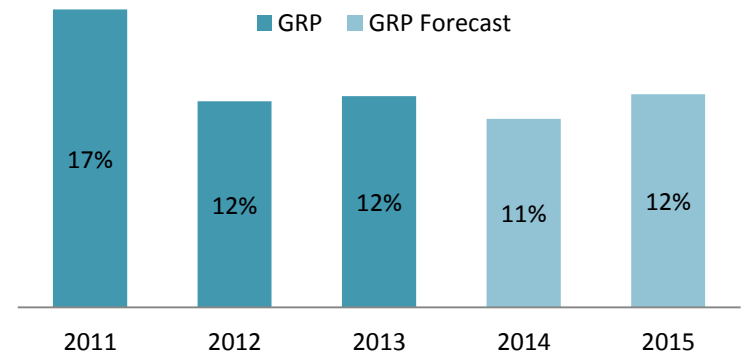
Borders With
5 Local Regions
and Belarus



Communication and
Transport Hub Connecting
Russia and Europe



Economic Growth

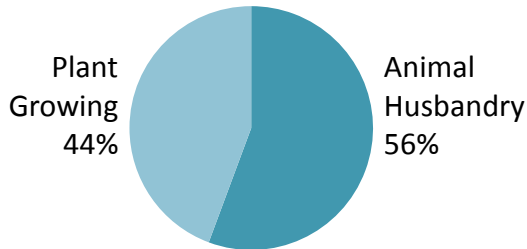




Agriculture

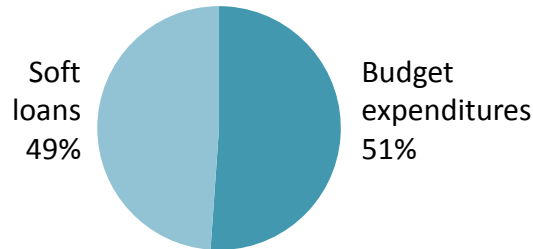
Agricultural Product

RUB 20 bn
(\$0.5bn)



Government Support

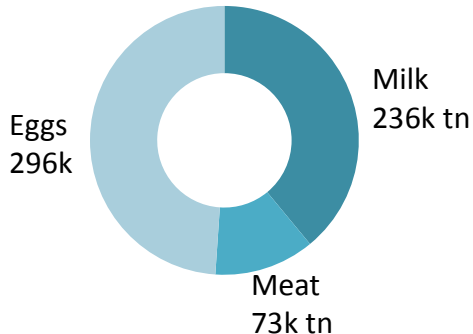
RUB 9 bn (\$0.25bn)
2012-2014



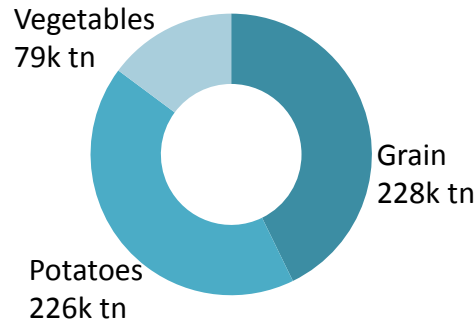
Human resources costs per employee

RUB 12.5k (\$200)/month

Animal Husbandry



Plant Growing



In 500 km radius
Market with 68 mln. of consumers

Agriculture Area

1.7 mln. ha

Project for investment: Greenhouses

- Engineering and transport infrastructure
- Government support programs
- Import of vegetables: \$1.6bn

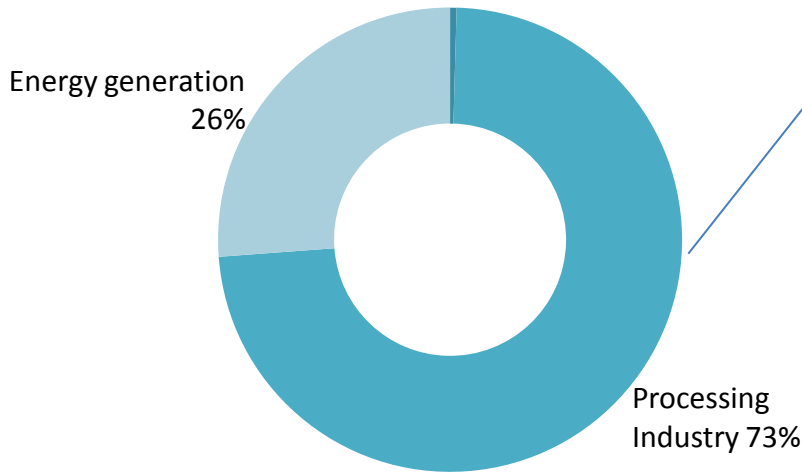
Project for investment: Flax Growing and Processing

- The region has flax growing and primary processing
- Government support programs
- Import of flax-related products: \$2bn

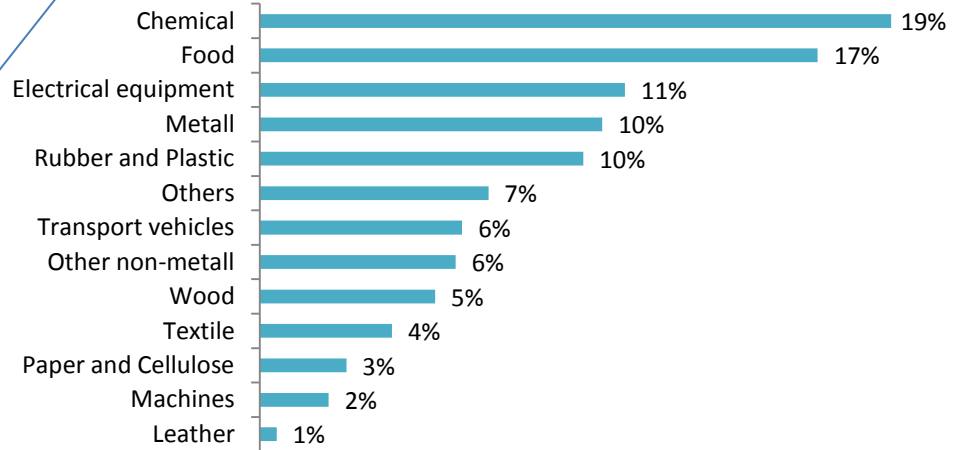


Manufacturing

**Manufacturing Volume
RUB 135bn (\$3.5bn)**



Processing Industry Volume RUB 100 bn (\$2.6bn)



Industrial Parks

- 2 parks with total area 240 ha
- Engineering and transport infrastructure
- Tax incentives
- Construction will be completed mid 2016

Perspective mineral resources

- Cement
- Quartz sands
- Phosphorite Ore

Project for investment: Semi Knocked Down Assembly

- Logistics and transport advantages
- Distance to Moscow: 180 km
- 2 Industrial parks
- Custom services, green corridors



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INVESTMENT PROJECTS



Flax Growing and Processing Industry

Why Flax?

- Volume of imported flax-related products in Russia is more than \$2bn
- High-quality chemical, pharmaceutical and textile products
- The region used to be the largest producer of flax
- Actively supported by Government

Current State

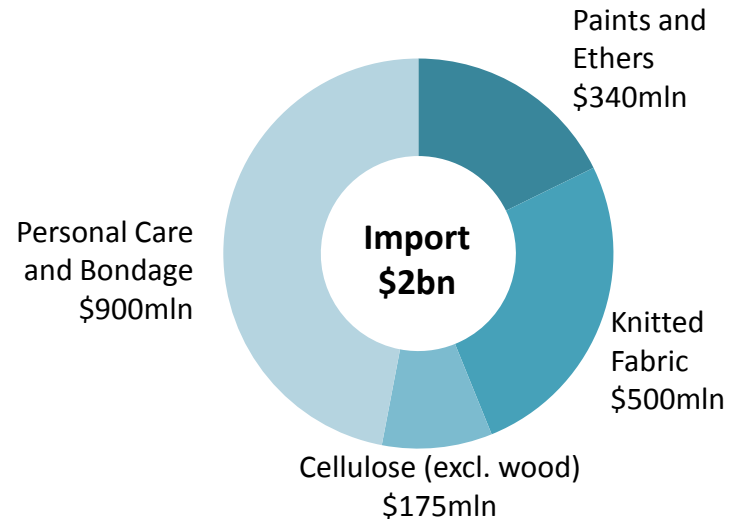
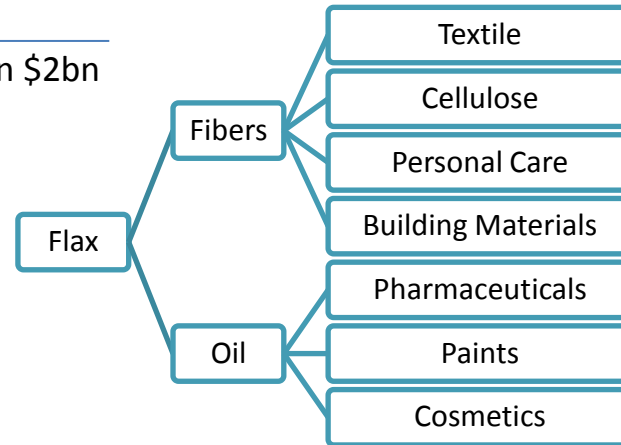
- Flax growing and primary processing
- 4 000 ha is sown and processed by 7 factories
- 3 educational centers

Target State

- Deep processing with producing high value-added products
- 40 000 ha sown with processing, chemical and pharmaceutical factories
- Producing of bio composite materials
- Laboratories and research centers

Project for Investment:

- To construct a deep flax processing factory
- Focus on new materials or pharmacy
- Could be structured with Russian Direct Investment Fund (\$10bn, Russian Government) and soft loans by other government funds





Semi Knocked Down Assembly

Why Semi Knocked Down Assembly?

- Advantageous location of the region: between Moscow and Europe
- The key market (Moscow) is in 180 km
- Developed transport and logistics infrastructure

Types of Equipment and Machines

- Most demanded: agricultural or construction equipment
- Volume of imported agricultural equipment in Russia \$3.5bn
- Annual growth of Russian agriculture product >10%

Possible Location

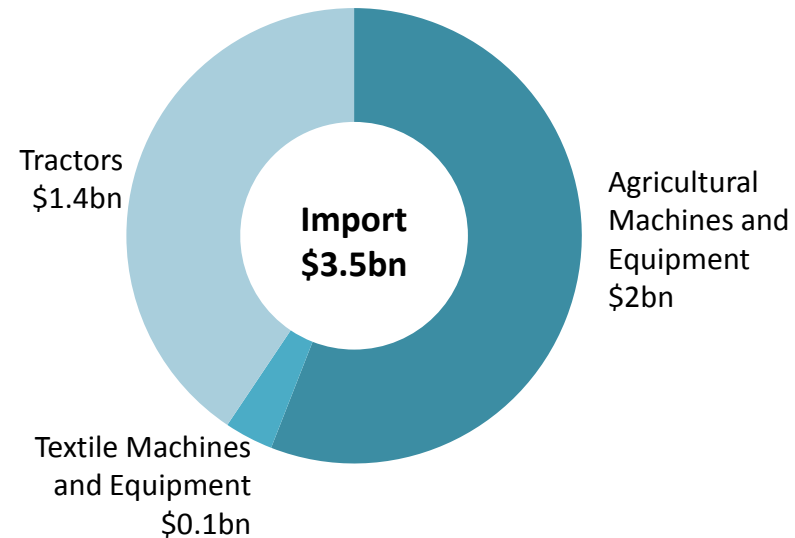
- Two industrial parks
- Logistics park with all needed infrastructure and custom services

Tax incentives

- Property tax 0%
- Income tax 2% - 15.5%

Project for Investment:

- **Semi Knocked Down Assembly**
- **Focus on agricultural machines and equipment**
- **All needed custom and logistics services are provided**
- **Could be structured with Russian Direct Investment Fund (\$10bn, Russian Government) and soft loans by other government funds**





Agricultural Projects

Project for Investment: Greenhouses

- Advantageous location of the region: between Moscow and Europe
- The key market (Moscow) is in 180 km
- Highly demanded product with import \$1.6bn

Project for Investment: Oilseed crops

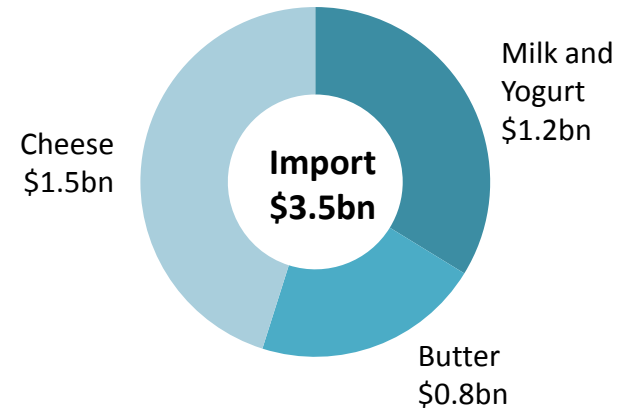
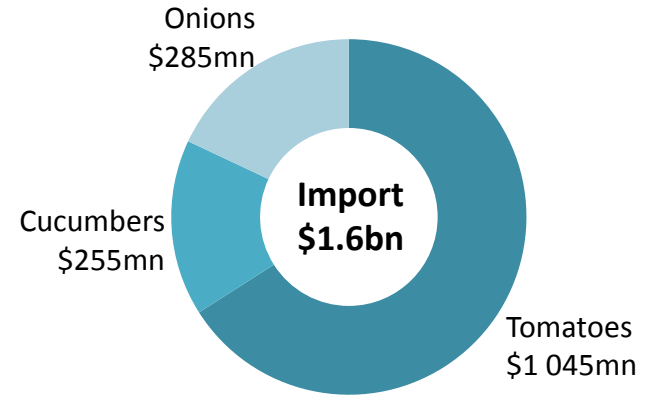
- Favorable climate
- Highly demanded products
- Well-compatible with the regional crop rotation

Project for Investment: Milk processing

- Specific flora allows producing of high-quality cheese
- Volume of imported milk products in Russia \$3.5bn
- Only 50% of produced milk is processed within the region

Project for Investment: Poultry and egg production

- Regional production/consumption factor is only 80%
- Available forage supply
- Government support





Marl Deposit

- Size: 71 000 tons
- Suitable for portland-cement 300 and 500
- Ready for developing and constructing a cement factory

Building Stones Deposit

- Size: 122 000 000 cub. m
- Suitable for 1st class limestone flour, crushed stone, building lime A and B class, silicate bricks

Construction Sand Deposit

- Size: 12 000 000 cub. m

Sand and Gravel Material Deposit

- Size: 8 000 cub. m

Project for Investment:

- To construct a building materials factory
- Connection to infrastructure could be subsidized by Government
- Could be structured with Russian Direct Investment Fund (\$10bn, Russian Government) and soft loans by other government funds



Russian Federation

Smolensk Region

Contacts

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