



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)



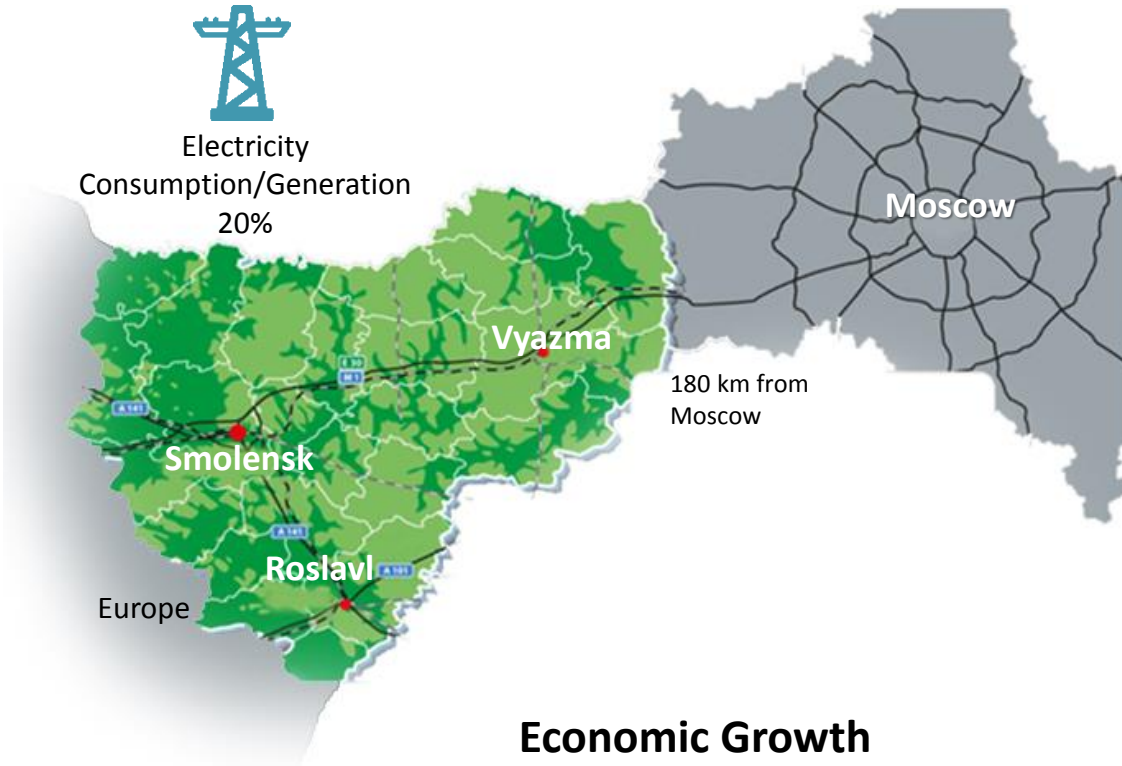
Retail Trading
RUB 145 bn
(\$3.8bn)



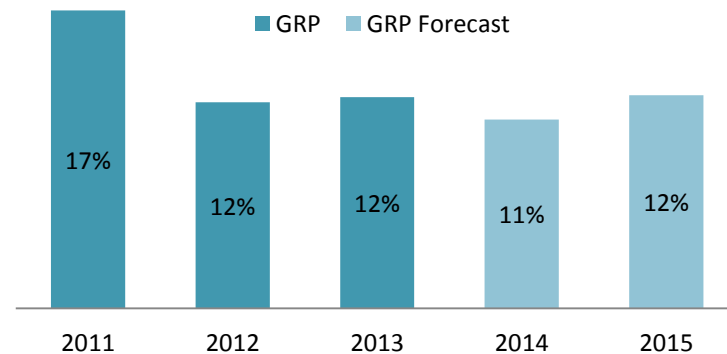
Borders With
5 Local Regions
and Belarus



Communication and
Transport Hub Connecting
Russia and Europe



Economic Growth

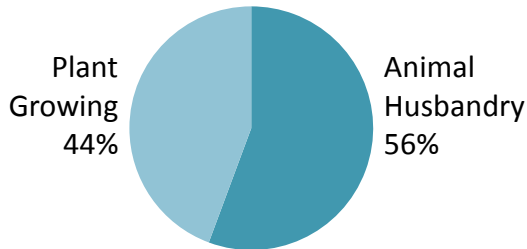




Agriculture

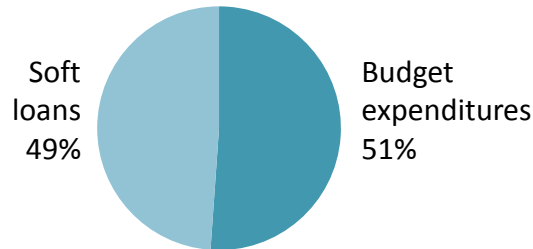
Agricultural Product

RUB 20 bn
(\$0.5bn)



Government Support

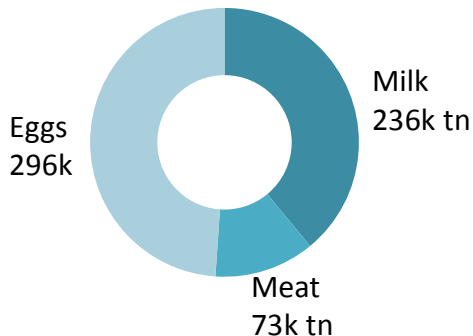
RUB 9 bn (\$0.25bn)
2012-2014



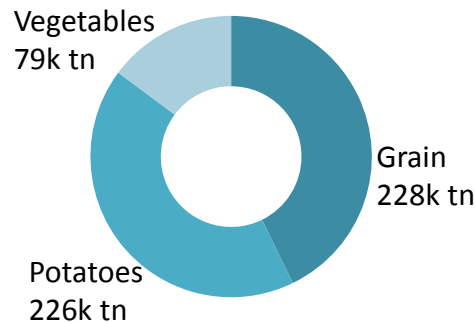
Human resources costs per employee

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

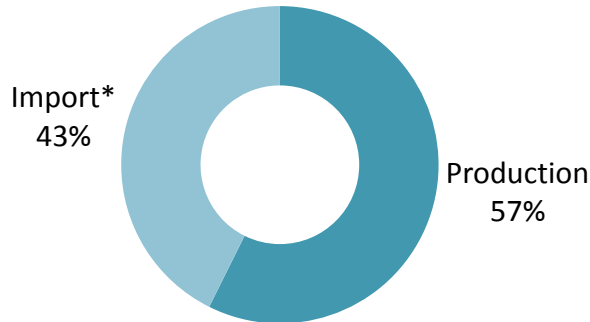
Project for investment: Flax Growing and Processing

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



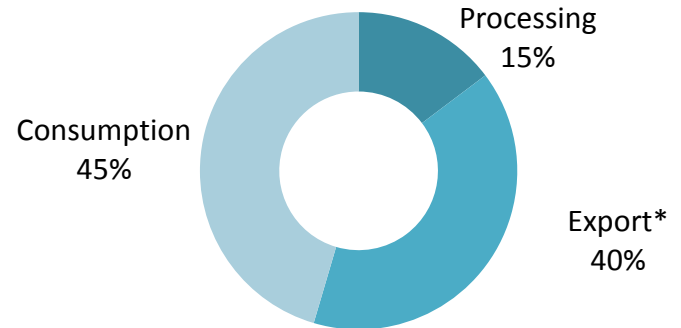
Dairy Industry

Producing Structure



* incl. interregional

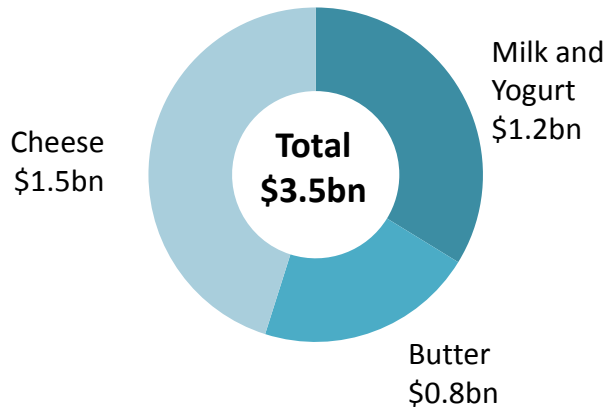
Consumption Structure



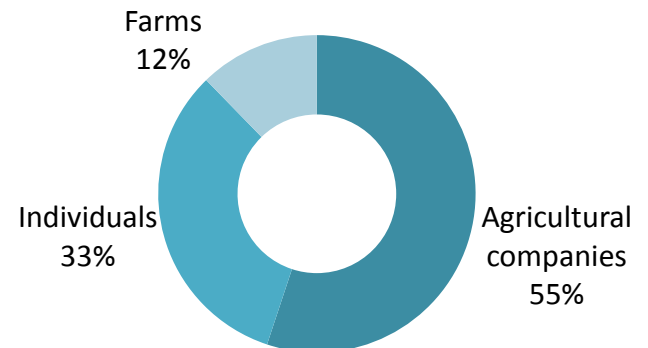
* incl. interregional

Raw milk production
236 000 tons

Import of milk products in Russia (2014)



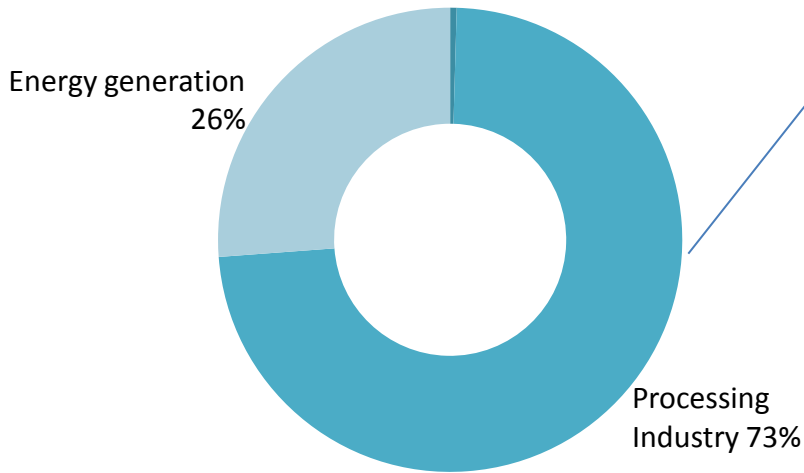
Producers of Milk



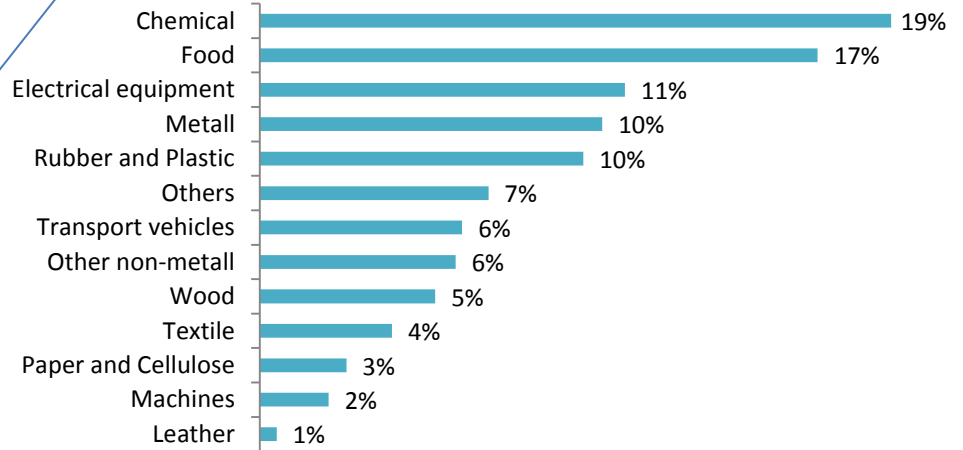


Manufacturing

**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



Russian Federation

Smolensk Region

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

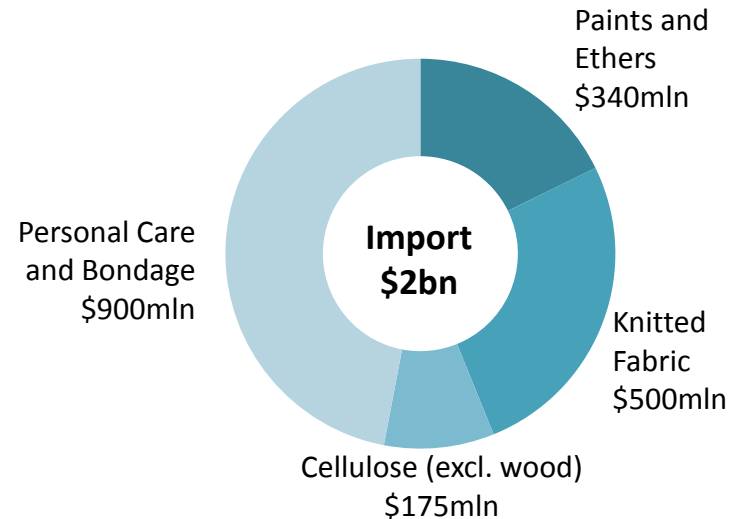
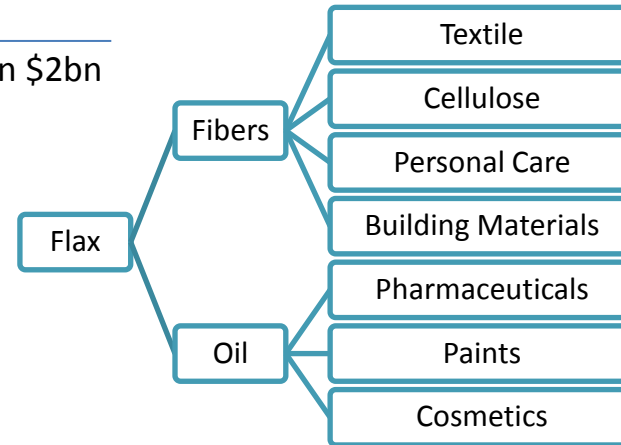
- Flax growing and primary processing
- 4 000 ha is sown and processed by 7 factories
- 3 educational centers

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

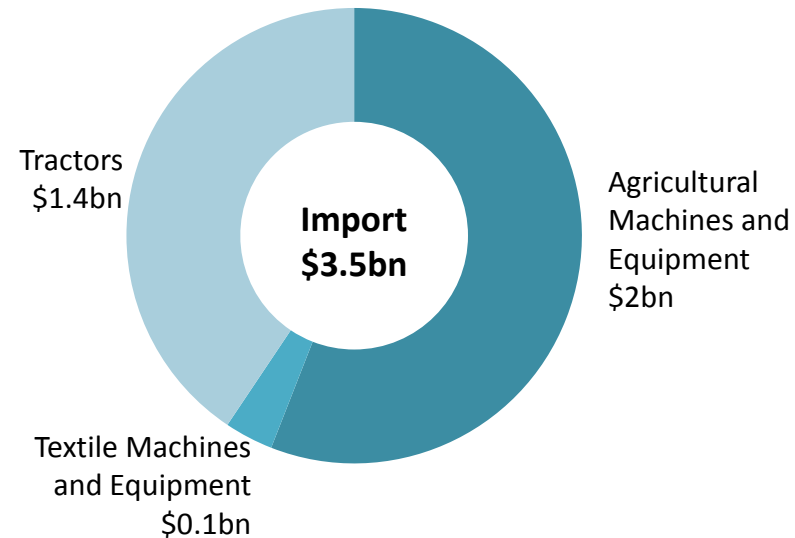
- Two industrial parks
- Logistics park with all needed infrastructure and custom services

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

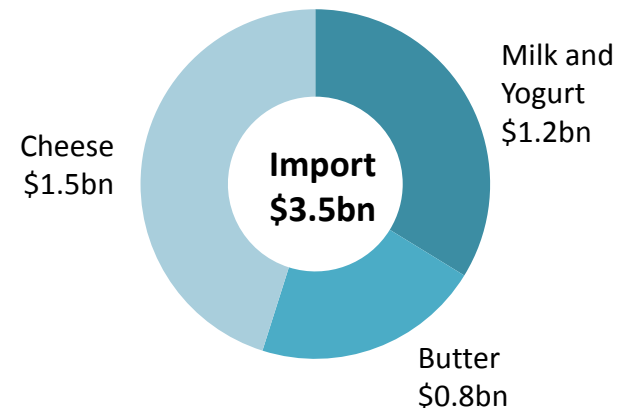
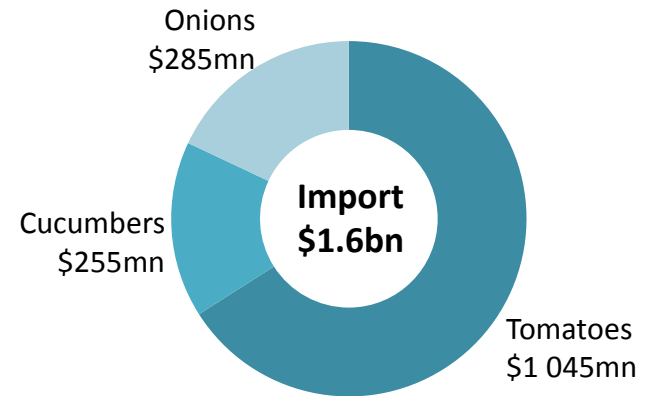
- Favorable climate
- Highly demanded products
- Well-compatible with the regional crop rotation

Project for Investment: Milk processing

- Specific flora allows producing of high-quality cheese
- Volume of imported milk products in Russia \$3.5bn
- Only 30% 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



Development of deposits of quartz sand

Size

18 mln. tons

Location

South part of region

Location

- Ershich part of Smolensk region has a very good transportation infrastructure

Size of field

- 18 mln. tons, (according to classification belongs to huge resource fields)

Mining conditions

- favorable, useful stratum is not flooded, the stripping ratio of 0.14 m.

Scheme of enrichment

- Since the examination of sand was in 1982, it is necessary to analyze the quality of raw materials with the help of modern technologies to develop schemes of enrichment

Capacity

- Capacity from 4 m to 18 m, stripping ratio is not more than 1 m.

Project for Investment:

- Possible implementation of the investment project for the construction of processing plant and development of deposits of quartz sand



Development of deposits of phosphate

Benefits

Developed infrastructure

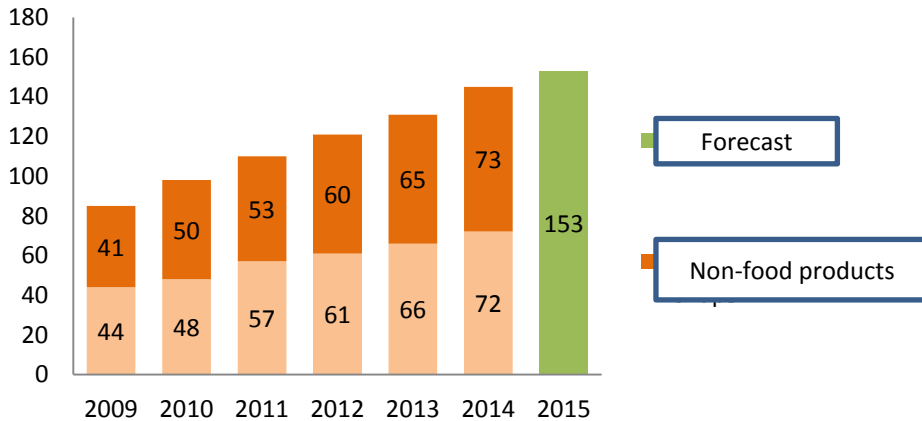
Sodge deposit of phosphate

- Hislavich part of Smolensk region
- Balance reserves of phosphate deposits Sodge 9067 thous. tons (P₂O₅ - 1255 thous. tones) of A + B + C1 and 255 thousand. Tons (P₂O₅ - 42 thous. tones) C2
- Off-balance reserves - 22,905 thousand. tons (P₂O₅ - 3726 thous. tones)
The content of P₂O₅ - 16-17%
- Phosphate deposit is presented by nodules, phosphate cement pebbles



Merchandising activities in Smolensk

Retail turnover, bl. rub.



Logistics infrastructure

- 14 storage warehouses
- 6 customs service terminals

Business and trading activity

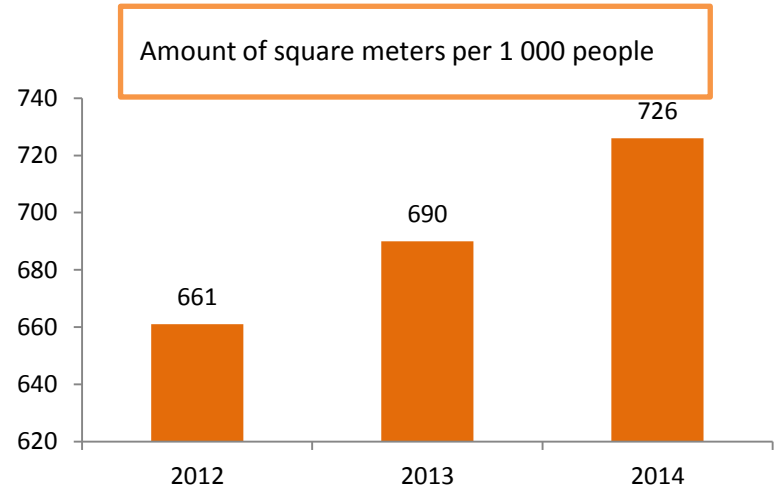
is concentrated in Smolensk - a regional center with a population of 330 thousand people

Wholesale and retail trade

20% of gross regional product of the region

Transport infrastructure of Smolensk region

35% of domestic freight traffic
75% of freight traffic from Western Europe to Russia

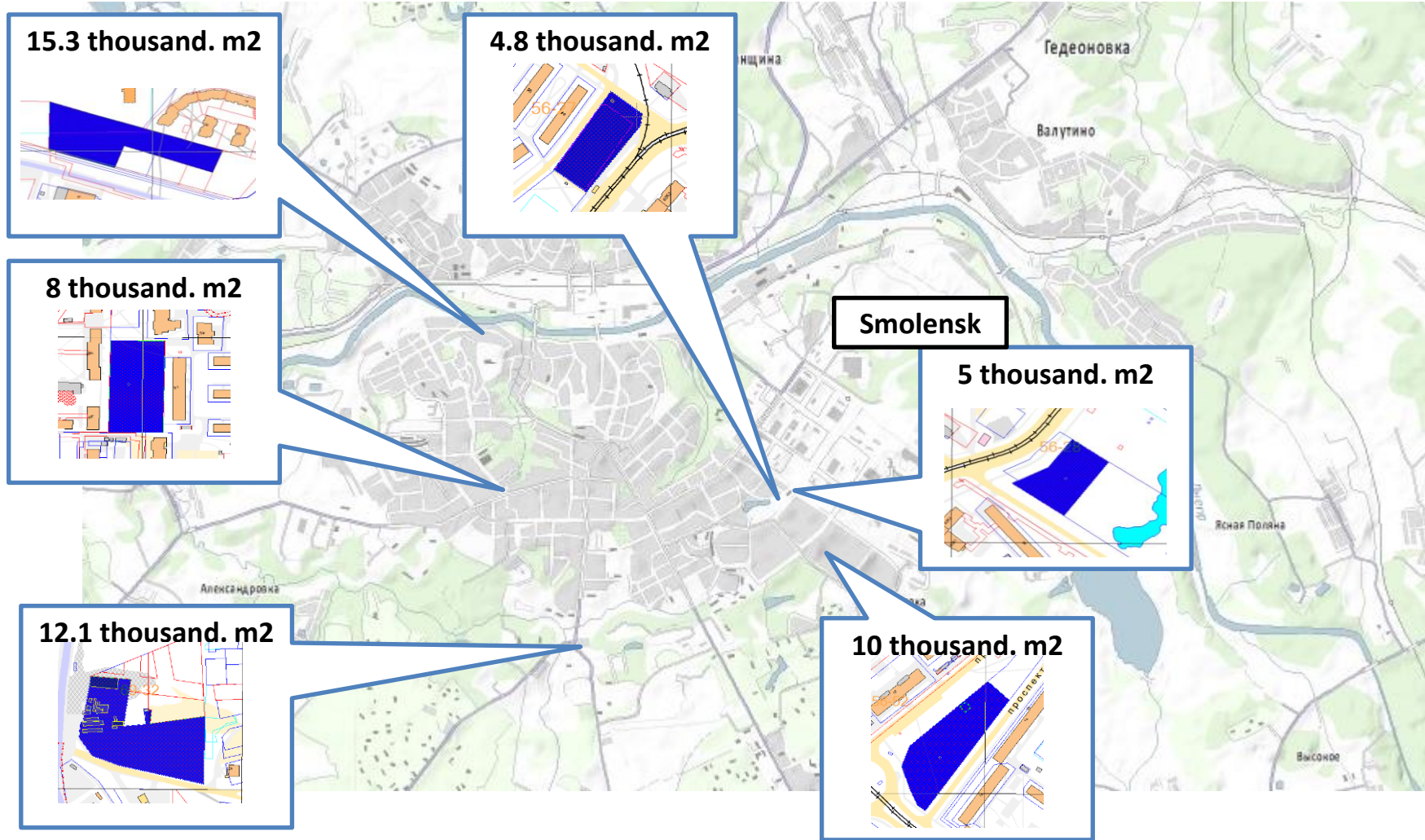


Project to invest:

- Construction of shopping center on 2 000-5 000 m2. in Smolensk (next slide)



Merchandising activities in Smolensk – possible locations





Russian Federation

Smolensk Region

Contacts

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