

# INVESTOR'S GUIDE

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LENINGRAD  
REGION

TERRITORY OF SUCCESSFUL  
INVESTMENTS

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[www.lenoblinvest.ru](http://www.lenoblinvest.ru)



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# Foreword

## by the Governor of Leningrad region



Alexander Drozdenko

Leningrad region strives to be among the most successful regions in Russia. In order to achieve this, the regional government takes specific steps aimed at attraction of investments and support for entrepreneurial initiatives.

Our region is one of the leaders of Northwestern Federal District in terms of economic development and one of the largest industrial centres in Russia. Due to its unique geographical location and diversified economy the region is progressively increasing the volume of shipped industrial products.

One of the most important priorities defined in Socio-Economic Development Strategy of Leningrad Region up to 2030 is industrial leadership. In order to enter top ten most industrialized regions in the country, Leningrad region creates industrial parks for localization of new enterprises, provides tax benefits and preferences for manufacturers who are ready to go forward, construct, expand.

We are open for dialogue with potential investors, our rules are simple and clear for business. We maintain transparent conditions for successful business established in the region. Since 2013 the Front Office for Investor Relations of the Administration of Leningrad Region has been working for comfortable interaction with investors and investment projects support on “one-stop-shop” principles significantly contributing to improvement of investment attractiveness of the region.

Due to concerted efforts of the team of Leningrad region we move forward and make the region attractive not only for Russian, but also for foreign investors. And this is proved by the fact that in 2019 the Ministry of Economic Development of the Russian Federation declared Leningrad region the leader among other regions in terms of the quality of its investment policy and efficiency of its management team.

**Welcome to the territory of successful investments!**

# General information



Borders with the European Union  
(Finland and Estonia)



Access to the Baltic Sea  
(through the Gulf of Finland)



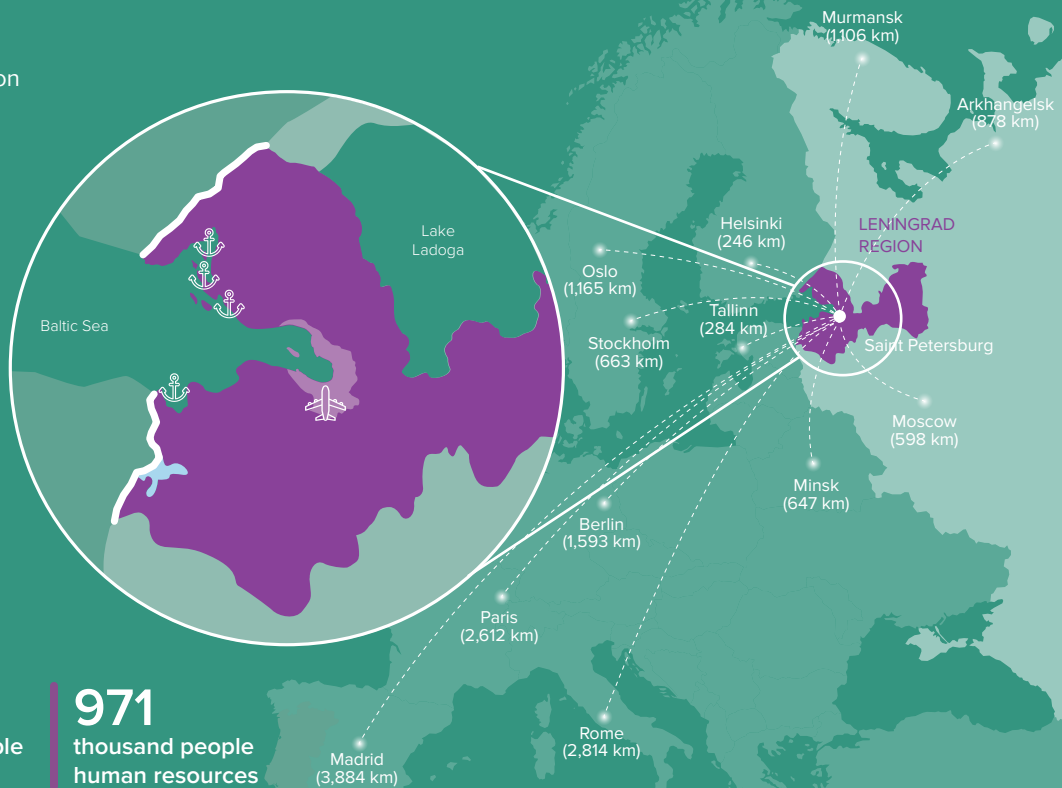
Close proximity  
to Saint Petersburg



4 seaports



Pulkovo International Airport  
(located in Saint Petersburg)



**83.9**  
thousand km<sup>2</sup>  
total area

**1.8**  
million people  
population

**971**  
thousand people  
human resources

# Advantages of investing in Leningrad region



## Efficient support measures for investors

The Ministry of Economic Development of the Russian Federation declared Leningrad region the leader among other regions in terms of the quality of its investment policy and efficiency of its management team



## Transport accessibility

Leningrad region is the second largest transport and logistics hub in Russia located at the intersection of international transport corridors which allows carrying out multimodal transportations including marine transportations through the largest port in the Baltic Sea – Ust-Luga



## Favourable geographical location

Leningrad region has borders with Saint Petersburg – the second largest city in Russia, with the European Union (Finland, Estonia), is located only 600 km away from Moscow – the largest city in Russia



## Second largest market in Russia

Leningrad region together with Saint Petersburg is the second largest consumer market in Russia with high purchasing power. The population of Leningrad region together with Saint Petersburg is 7.2 million people

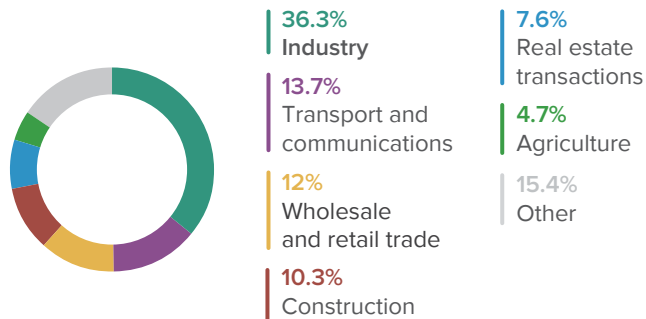


## Access to skilled labour force

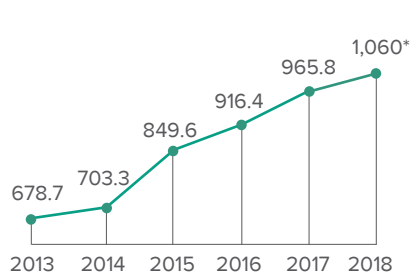
Leningrad region is the second largest labour market in Northwest Russia – labour force of the region is about 1 million people

# Economy

## Structure of gross regional product in 2017



## GRP dynamics, RUB billion



**56%**  
GRP growth in  
2013-2018\*

**535.7**  
thousand RUB  
GRP per capita in 2017

\*according to estimates

## Ratings



**1<sup>st</sup>** place in the ranking of the quality of investment policy in the regions



**12<sup>th</sup>** place in the National Regional Investment Climate Ranking (+8 positions in comparison with 2017)



**4<sup>th</sup>** place among Russian regions with the lowest investment risk, RAEX (Expert RA)

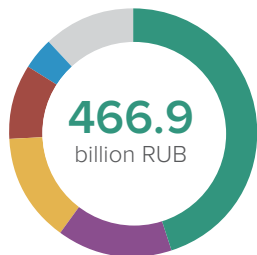


**BB+, forecast "Stable"**: Standard & Poor's long-term credit rating



**5<sup>th</sup>** place in the ranking of the regions in terms of achievement of high rates of increasing economic (tax) potential of a territory

## Structure of investments



**44%** share of investments in GRP of the region

**45%**  
Transportation and storage

**9.8%**  
Real estate transactions

**15.1%**  
Manufacturing industries

**4%**  
Construction

**14.2%**  
Power industry

**11.9%**  
Other

**+26.8%**  
growth of investments in the regional economy in comparison with 2017



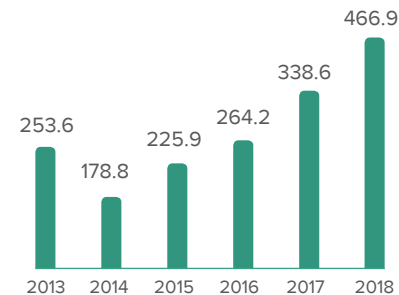
**8<sup>th</sup>** place among all Russian regions

**4.1 billion USD**  
volume of foreign direct investment over 9 months of 2018

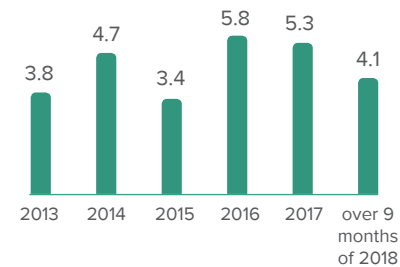


**6<sup>th</sup>** place among all Russian regions

## Investments, billion RUB



## Foreign direct investment, billion USD



# Industry

Leningrad region is one of the largest industrial centres in Russia







The region occupies the **17<sup>th</sup> place** among all subjects of the Russian Federation in terms of the volume of industrial production



Industry is **the base** of the regional economy

Share of industry in GRP **> 36.3%**



**1.2 trillion rubles** volume of locally produced and shipped goods in 2018

Growth of the total value of export from 2017 to 2018 **> 26%**



**104.9%**

industrial production index in 2018 in comparison with 2017



**> 500**

active small, medium-sized and large industrial enterprises



**> 140**

thousand people work at enterprises

### PRIORITY DEVELOPMENT AREAS OF LENINGRAD REGION:



Oil, gas and chemical complex



Construction industry



Food industry



Automotive industry



Timber industry complex



Mechanical engineering



Energy complex



Shipbuilding



Metallurgical industry

# Investors support



## Front Office for Investor Relations of the Administration of Leningrad Region

-  Informational and consulting support concerning implementation of investment projects
-  Dealing with issues concerning development of infrastructure and provision of communications
-  Search and provision of information to investors about investment sites according to requirements of projects



## Industry Development Centre of Leningrad Region



Support for enterprises in expansion of already existing and creation of new production plants by means of implementation of joint projects on the basis of industrial cooperation

**The main directions of work:** development of industrial cooperation, creation and development of clusters, export support, provision of personnel for industry



## Fund for Support of Entrepreneurship and Industry of Leningrad Region, Microcredit Company

Loans for implementation of projects within the programmes:

-  “Development projects”
-  “Component parts”

Depending on the sector loan amount is **from 20 to 100 million rubles**, loan term – **from 1% to 5%**

# Investors support



## Investment portal of Leningrad region and social media

Up-to-date and relevant information about economic development of the region and measures of government support



Investment portal [www.lenoblinvest.ru](http://www.lenoblinvest.ru) is available in **4 languages** (Russian, English, German, Chinese)



Investors have an opportunity to apply for investment project support **online**



**Social media** – the main mouthpiece of the region for business:



 lenoblinvest



## Information system Investment Development of Leningrad Region

Interactive map [map.lenoblinvest.ru](http://map.lenoblinvest.ru):



available investment sites



industrial parks



transport and engineering infrastructure



greenfield and brownfield zones



## Industrial parks

Leningrad region supports establishment and operation of industrial parks in order to increase the level of localization of production and to develop scientific and technological competences

Today **28 state-owned and private industrial parks** are being created or already operate in the region

# Front Office for Investor Relations of the Administration of Leningrad Region



Investors support under “one-stop-shop” principle



Creation of conditions for successful implementation of investment projects



Establishment of constructive dialogue with business

TODAY THE FRONT OFFICE PROVIDES SUPPORT TO



**284**  
investment  
projects

→  
including



**40** projects  
with foreign  
investment



### Informational and consulting support:

- ✓ Information about investment advantages of the region
- ✓ Information about measures of government support
- Other information required
- ✓ for implementation of investment projects



### Selection of investment sites according to the requirements of projects:

- ✓ Search and provision of information about a site
- Analysis of compliance
- ✓ of territorial planning documents to a project
- ✓ Organization of visits to investment site



### Provision of engineering and transport support:

- ✓ Analysis of the possibility to provide a land plot with engineering and transport infrastructure
- Assistance in interaction
- ✓ with resource supplying organizations
- Information about strategies
- ✓ and development plans, tariffs and other information

# Tax benefits

In order to attract investments in the regional economy, Leningrad region adopted a law which guarantees provision of the following tax benefits for investors:

Regional part of corporate income tax is reduced to **13.5%**

Corporate property tax is reduced to **0%**



**for 4 – 6 years** benefits are granted (up to 8 years for automotive manufacturers)\*



**300 million RUB** minimum volume of investments

\* for corporate income tax not later than 31.12.2022

Leningrad region adopted a regional law which establishes tax benefits and conditions for their use by the participants of special investment contracts concluded on behalf of the Russian Federation (**only three-sided SPIC**).



According to this law the following tax exemptions are provided:

Reduction of the regional part of corporate income tax **to 5%**

Reduction of the federal part of corporate income tax **to 0%**

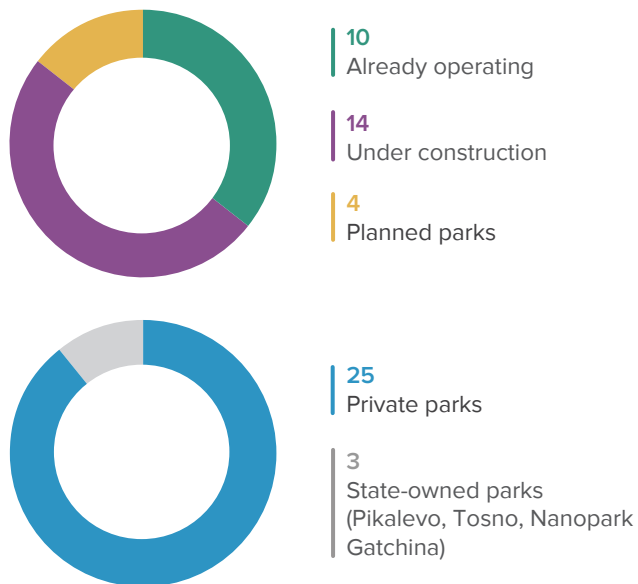
Reduction of corporate property tax **to 0%**

**50** billion RUB volume of investments

**10** years – period of granting benefits (**up to 2025** for corporate income tax)

# Industrial parks

**28** industrial parks  
in Leningrad region



There are about **250 investment sites** which differ in terms of available engineering infrastructure.

Information about industrial parks is included in the integrated regional information system Investment Development of Leningrad Region ([map.lenoblinvest.ru](http://map.lenoblinvest.ru)).

Leningrad region provides the following **measures of support** for industrial parks:



Reduction of corporate income tax to **13.5%** (regional part)



Reduction of corporate property tax to **0%**



Rent reduction for land plots in regional property and unrestricted property:  
**1<sup>st</sup>-2<sup>nd</sup> years – 30%** of the annual rent,  
**3<sup>rd</sup>-5<sup>th</sup> years – 60%**, **6<sup>th</sup>-8<sup>th</sup> years – 90%**

# Territory of advanced social and economic development Pikalevo

## Information about the territory:



Established by a Decree of the Russian Government in **2018**



**10 years** period of operation



**100,000 people** labour potential  
(Pikalevo, Boksitogorsk, Tikhvin)

## Requirements to an investment project:



**<25%** of foreign labour force



**From 10 jobs**



**From 2.5 million rubles**



Pikalevo — Boksitogorsk: 25 km  
Pikalevo — Tikhvin: 40 km  
Pikalevo — Saint Petersburg: 244 km

Taxes and payments	First 5 years	Next 5 years
Corporate property	<b>0%</b> (instead of 2.2%)	<b>1.1%</b> (instead of 2.2%)
Corporate income regional part	<b>5%</b> (instead of 17%)	<b>10%</b> (instead of 17%)
Corporate income federal part	<b>0%</b> (instead of 3%)	<b>3%</b>
Land value tax	<b>0%</b> (instead of 1.5%)	
Payments to extra-budgetary funds	<b>7.6%</b> (instead of 30.2%)	

## Industry specialisation:



Crop production, animal husbandry



Wood processing, production of paper, furniture, wood products



Extraction of sand, clay, stone



Production of food and beverages



Printing industry, chemistry



Production of textile and leather products, clothes



Production of metal, rubber, plastic and other finished goods



# Territory of prospective development near commercial seaport of Ust-Luga

The seaport of Ust-Luga is located at the border with the European Union, it is the **largest port** in the Baltic Sea and the **second largest port** in Russia.

## Advantages of Ust-Luga port:

**160,000 tonnes**  
deadweight of the ships

It is the only Russian port in the Baltic Sea which can accept ships with such deadweight

**3.2 nautical miles**  
length of Luzhsky sea channel

Which allows bypassing the overloaded transport hub of Saint Petersburg

**17.5 meters**  
water depth

**131 km**  
to Saint Petersburg

**98.7** million tonnes of cargo turnover of the port in 2018

Availability of free areas for further development



**Universality of the port**  
its terminals and factory complexes transship and process more than **20 categories of cargo**



**4,927 ha**  
total area

**4,843 ha**  
available area

The territory of prospective development near the seaport of Ust-Luga is considered for development and implementation of investment projects in such spheres as:



Chemical industry



Oil and gas industry



Oil and gas processing

## Success stories



**SIEMENS**

Nico PAETZOLD, CEO of Siemens Gas Turbine Technologies

Historically Siemens considers the Government of Leningrad region as the most important partner for business and investments. Experts of the company considered more than 30 locations while searching for a suitable place for construction of a factory. SGTT produces large gas turbines which is heavy oversized cargo requiring complex logistics. Infrastructure of the site in Gorelovo allows SGTT to organize all necessary logistics.



**KNAUF**

Yuri MIKHAILOV, CEO of KNAUF PETROBOARD

I would like to express my gratitude to the Government of Leningrad region for continuous support in solving difficult issues arising during implementation of large investment projects.



**nokian  
TYRES**

Andrey PANTYUKHOV, CEO of Nokian Tyres

Nokian Tyres has been closely and fruitfully cooperating with the Government of Leningrad region for 14 years. Overall support of the regional and municipal authorities contributed to successful implementation of our investment project in Vsevolozhsk. If we had to choose a site for construction of our plant in Russia we would undoubtedly make the same choice as in 2014 – Vsevolozhsk in Leningrad region.



**Jon HJARTLAND**, General Manager of Jotun Paints

I would like to express my gratitude to the Government of Leningrad region and the team of the Front Office, they really supported us at all stages. We would not be able to achieve such results if it wasn't for the Front Office. Fantastic team, it was great to work with them.



**Vyacheslav KANATOV**, CEO of Metsä Svir

An investment project of Metsä Group and Leningrad region, which resulted in a modern wood processing plant for the region, is a great example of mutually beneficial partnership between business and the government.



**Andrey KUTSENKO**, Director of JACOBS DOUWE EGBERTS RUS coffee factory

Our factory has been working for almost 20 years and over this time we've managed to establish partnership relations with the Government of Leningrad region. Committee for Economic Development recommended us to contact the Front Office which became a very reliable, tried-and-true assistant for us in solving many production issues which require support of the authorities.



There were two reasons for choosing Leningrad region for construction of a factory: geographical location which allows exporting our products to many countries in the world and favourable conditions for doing business. The Government of Leningrad region provided enormous help to us. As a result we have launched a hi-tech production from scratch in just 14 months which is still a record for our branch. We sincerely thank the Government of Leningrad region and the whole team of the Front Office for their help and support.

**Mario CIOCCOLO**, CEO of Thermex Group – Management company of Heating Equipment

Leningrad region is a promising market with enormous potential. All spheres of construction are dynamically developing here, modern technologies are being introduced. Geographical location of the region is perfect for both regional deliveries and expansion of export potential. I would like to mention fruitful cooperation with authorities. The team of the Government of Leningrad region headed by the Governor Alexander Drozdenko, including the economic team, applies business oriented approach.



**Marina POTOKER**, CEO of ROCKWOOL Russia



Galactika Group of Companies has been successfully cooperating with the Government of Leningrad region and the Administration of Gatchinsky district for a long time. A joint project on creation of production of fresh cheese became the most important project for us. It will allow processing excess of high quality milk produced by the regional farms and will saturate market with domestic products.



**Dmitry PINCHUKOV**, Chairman of the Board of Galactika Group of Companies

The team of Ust-Luga has implemented a unique project: for the first time in Russia a private developer constructed from scratch and in a short period a port which is currently the largest port in the Baltic Sea. It would have been impossible to implement such a large project without support of Leningrad region. Due to the port of Ust-Luga the region has moved to a new social and economic level.



**Victoria FEDOROVA**, CEO of Ust-Luga Company



Leningrad region has favourable location in terms of logistics which is especially important for distribution facilities. A new distribution centre allows providing products to more than 716 retail facilities not only in Saint Petersburg and Leningrad region, but also the Republic of Karelia and Vologda region. I would like to express my gratitude to the Government of Leningrad region and the team of the Front Office for their assistance at all stages of signing an investment agreement.




**Evgeniy OVCHINNIKOV**, Deputy Director for Investment Policy of Tander

# Contacts



FRONT OFFICE  
FOR INVESTOR RELATIONS  
OF THE ADMINISTRATION  
OF LENINGRAD REGION

 64 B Malookhtinsky avenue, office 402, Saint Petersburg

 + 7 (812) 644 01 23

 [marketing@lenreg.ru](mailto:marketing@lenreg.ru)

 [www.lenoblinvest.ru](http://www.lenoblinvest.ru)

  [lenoblinvest](#)



 64 B Malookhtinsky avenue, office 406, Saint Petersburg

 + 7 (812) 644 01 24

 [info@crplo.ru](mailto:info@crplo.ru)

 [www.crplo.ru](http://www.crplo.ru)

 [crp.lenobl](#)

 [crp\\_lo](#)



## Industrial Development Fund

 6/1 Lyalin pereulok, Moscow

 +7 (495) 120 24 16

 [frp@frprf.ru](mailto:frp@frprf.ru)


 [www.frprf.ru](http://www.frprf.ru)

  rffrp



## ENTREPRENEURSHIP SUPPORT FUND Leningrad region

 3 Smolnogo street, office 3-167, Saint Petersburg

 +7 (812) 576 64 06


 [fpp@813.ru](mailto:fpp@813.ru)

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# INVEST IN LENINGRAD REGION

Investment portal of Leningrad region and social media – the main mouthpiece of the region for business



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