



LENINGRAD REGION:
INVESTOR'S GUIDE

INVEST
IN LENINGRAD
REGION

Contents

General information	4	Business support infrastructure	14
Advantages of investing in Leningrad region	5	Economic Development Agency of Leningrad Region	16
Economy	6	Measures of support for business	18
Investment climate	7	Ongoing projects	26
Industry	8	Success stories	30
Territories of prospective development	10	Contacts	34

Introductory words



Dmitry Yalov

Deputy Chairman
of the Government of Leningrad Region –
Chairman of the Committee for Economic
Development and Investment Activity

Leningrad region is one of the largest industrial centers of Russia and holds leading positions in the Northwestern Federal District in terms of the economic development. It is proven by the actual figures: the GRP of the region has been growing by 2.5 times faster than the GDP of Russia over the past 6 years.

A comprehensive activity, targeted at the attraction of investment and support of entrepreneurial initiatives, is carried out in Leningrad region, and the achievements of the region in terms of its investment policy are observed not only by the Russian, but also international business community. In 2020, as the poll of the Russian-German Chamber of Commerce showed, Leningrad region was included in top ten regions, which are most attractive for the German business, and top five regions with the best investment environment.

The Government of Leningrad Region provides multifaceted assistance to business in the current challenging conditions. The

main anti-crisis measures of support were adopted in the region as soon as possible; the investment team always stays in touch with the business and quickly reacts to the changes, which take place. The efforts of the region were highly appraised at the federal level – Leningrad region took the second place in the ranking of regions in terms of the entrepreneurship supporting measures during the pandemics, which was prepared by the Presidential Commissioner for Entrepreneurs' Rights of Russia.

The team of Leningrad region is open for dialogue with investors, and one of the key platforms for direct interaction between the representatives of Leningrad region and the Russian and global community is the Baltic Regional Investment Forum BRIEF. The forum focuses on the issues of localization and measures of support for investors, export development and cooperation ties and it is organized annually in September.

General information



Borders with the European Union
(Finland and Estonia)



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



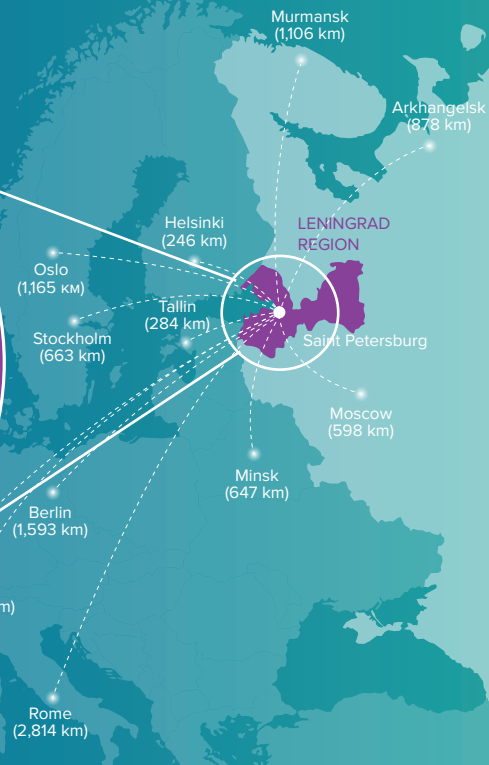
Close proximity
to Saint Petersburg



4 seaports



Pulkovo International Airport
(located in Saint Petersburg)



83.9

thousand km²
total area

1.9

million people
population

969.4

thousand people
human resources

Advantages of investing in Leningrad region



Favourable geographical location

- Shares borders with the European Union
- Located 600 km away from Moscow
- Direct proximity to Saint Petersburg – one of the largest industrial centers and the second largest consumer market of Russia



Efficient measures of support for investors

- Extensive support infrastructure for investors
- Package solution for tax benefits



Access to labor force

- Ability to hire highly skilled personnel from Saint Petersburg
- Low cost of labor force (the average salary in 2019 – 46,387 rubles, which is by 40% less than in Saint Petersburg)



Accessible infrastructure

- Wide range of available greenfield and brownfield investment sites (252 available sites)
- Low cost of electric power supply
- Low rental rate for industrial facilities
- Low rental rate for land plots

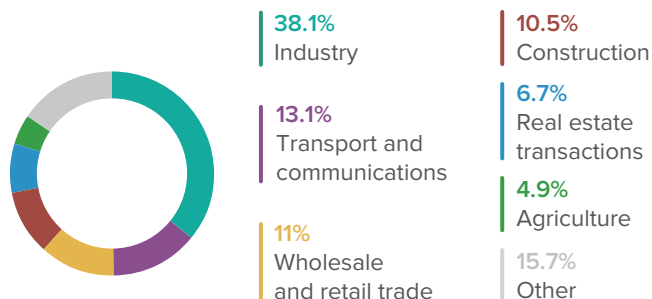


Large transportation and logistics hub

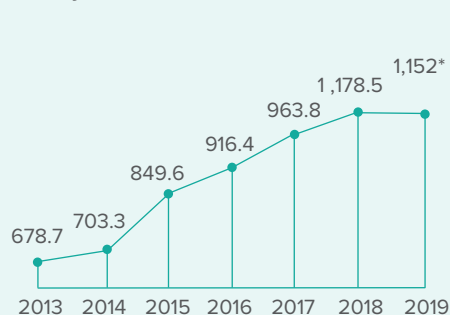
- Located at the crossroad of international transportation corridors
- Ports of Leningrad region provide 22% of export and import cargo turnover of the country
- The largest port is Ust-Luga (cargo turnover in 2019: 103.8 million tons of cargo – the 1st place among all the Baltic Sea ports)

Economy

Structure of gross regional product in 2018



GRP dynamics, RUB billion



14.3%

GRP growth in 2013-2019*

603.2

thousand rubles
GRP per capita
in 2018

*according to estimates

Ratings



5 place in the ranking of the regions in terms of achievement of high rates of increasing economic (tax) potential of a territory



13 place in the National Regional Investment Climate Ranking



1 place among Russian regions in the nomination "Financial stability"



5 place among Russian regions in the nomination "Minimal risk"

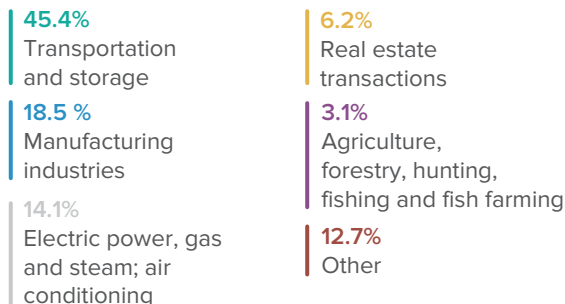
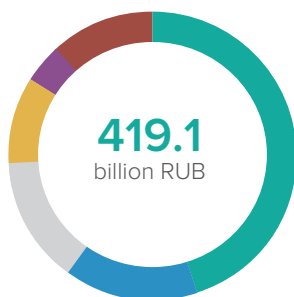


BB+: long-term credit rating, forecast "Stable"

Investment climate

Structure of investments to fixed assets according to the types of economic activity in 2019

35.6% share of investments in GRP of the region

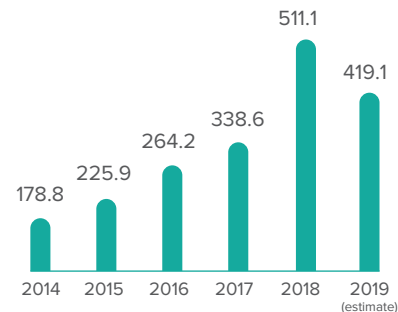


9 place among all the entities of the Russian Federation in terms of the amount of attracted foreign direct investment

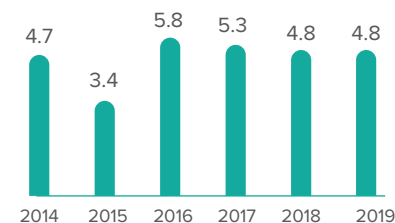


10 place among all the entities of the Russian Federation in terms of the amount of investment

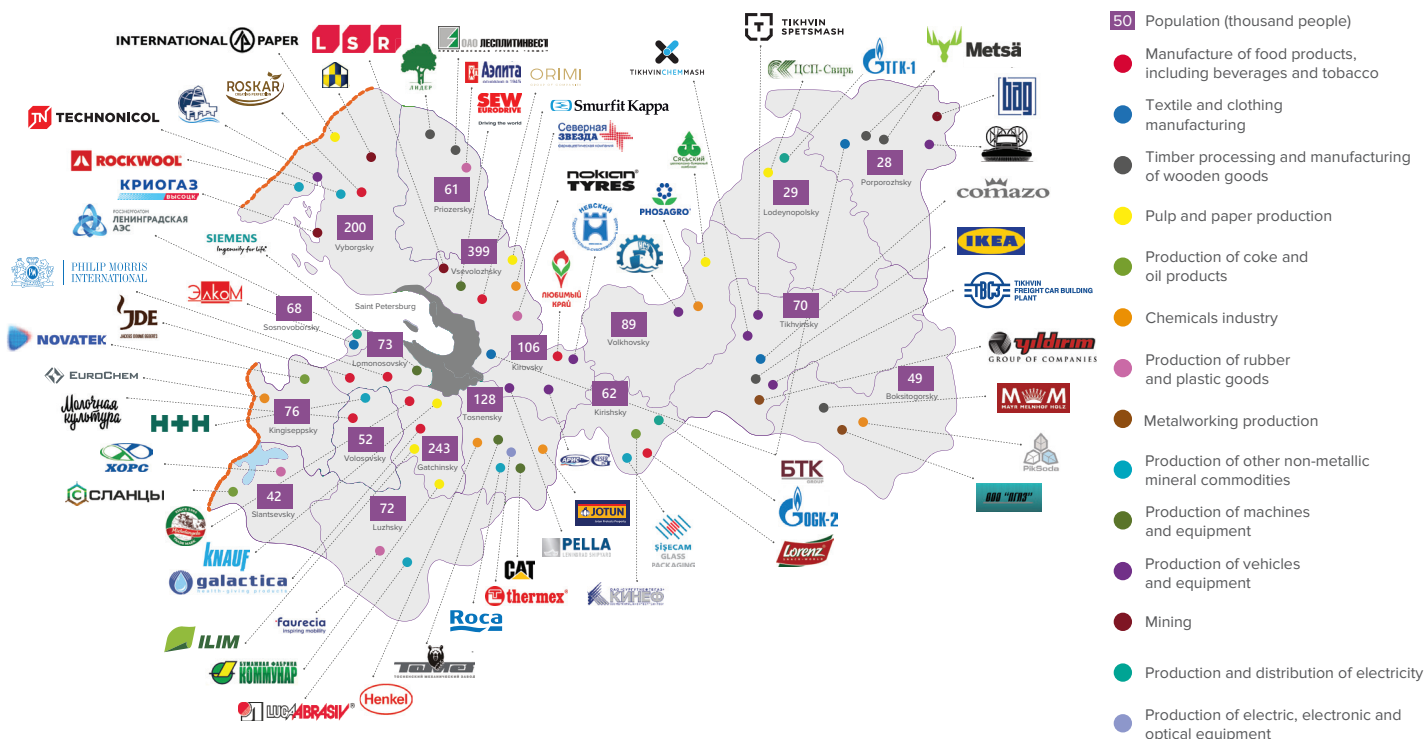
Investments, billion RUB



Foreign direct investment, billion USD



Industry



Industry



The region occupies the **15th** place among all subjects of the Russian Federation in terms of the volume of industrial production



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

> 38.1%
Share of industry in GRP



1.3 trillion rubles
volume of locally produced and shipped goods in 2019

> 42%
Growth of the total value of export (2016–2019)

104.6%

industrial production index in 2019

> 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

Territories of prospective development

- Territory of prospective development near Ust-Luga Commercial Seaport
- Industrial parks
- Territory of advanced social and economic development Pikalevo



Territory of prospective development near Ust-Luga Commercial Seaport

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 transporthub of Saint Petersburg

17.5 meters
water depth

131 km
to Saint Petersburg

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

103.8 million tonnes of cargo
turnover of the port in 2019

The territory is considered
for development and
implementation of investment
projects in such spheres as:



Chemical industry



Oil and gas industry



Oil and gas processing

Industrial parks

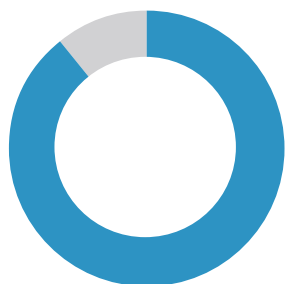
30 industrial parks in Leningrad region



10
Already operating

10
Under construction

10
Planned parks



27
Private parks

3
State-owned parks
(Pikalevo, Tosno, Nanopark
Gatchina)

The information about industrial parks and investment sites is included in the integrated regional information system “Investment Development of Leningrad Region” (map.lenoblinvest.ru).

There are more than **250 investment sites** with different engineering infrastructure availability in the data base of the system.

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:
up to 30%: 1–2 years
up to 60%: 3–5 years
up to 90%: 6–8 years

*Law of Leningrad region No. 52-oz of July 28, 2014

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
labor potential
(Pikalevo, Boksitogorsk, Tikhvin)

Requirements to an investment project:

<25% foreign labor force

from 10 jobs

from 2.5 million RUB



Taxes and payments	First 5 years	Next 5 years
Corporate property	0% (instead of 2.2%)	1.1% (instead of 2.2%)
Corporate income	5% (instead of 20%)	10% (instead of 20%)
Land value tax	0% (instead of 1.5%)	
Payments to extra-budgetary funds	7.6% (instead of 30.2%)	

Specialisation:



Crop production, animal husbandry



Extraction of sand, clay, stone



Production of food and beverages



Production of textile and leather products, clothes



Wood processing, production of paper, furniture, wood products



Printing industry, chemistry



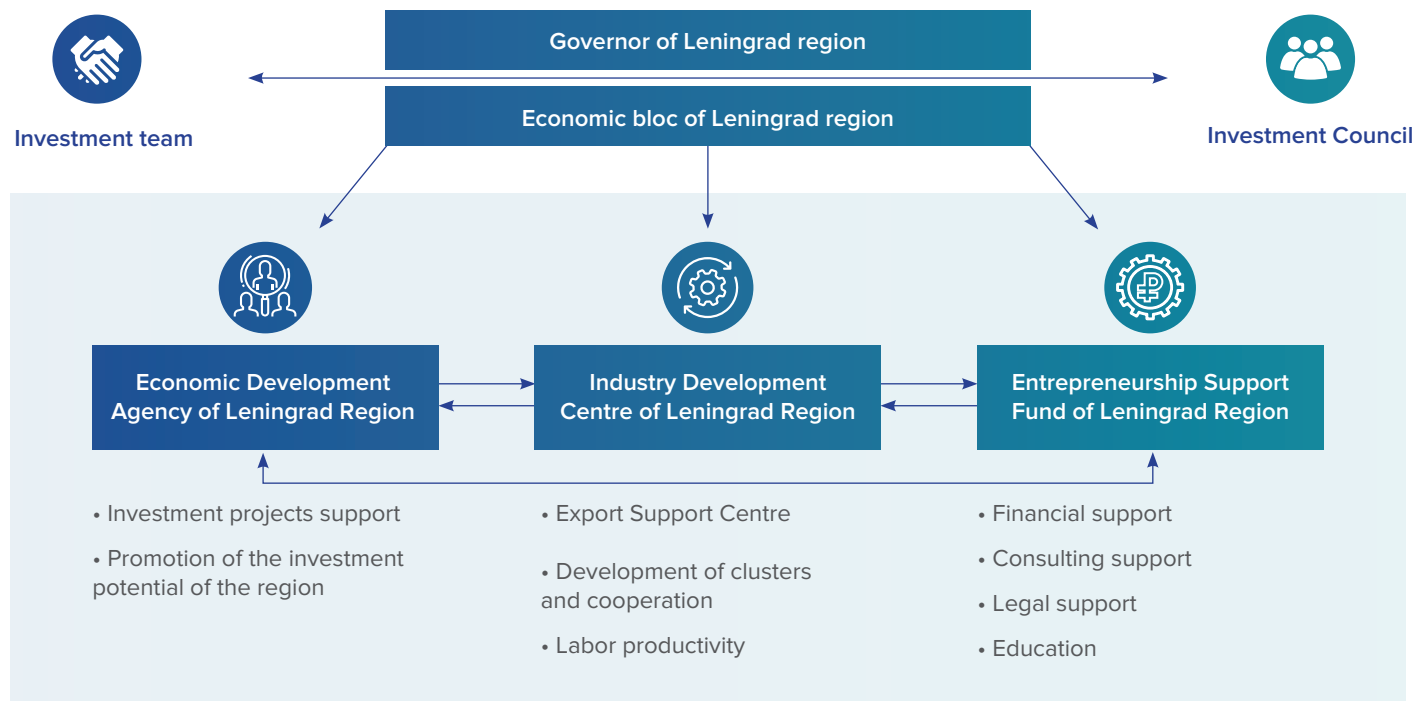
Production of metal, rubber, plastic and other finished goods

Business support infrastructure in Leningrad region



Business support infrastructure

A comprehensive system of support for investors is developed in the region. The issues regarding investment activity are addressed at the Council on Improvement of Investment Climate, led by the Governor of Leningrad region. The investment team, which includes the representatives of the executive bodies, city-planning organizations and suppliers of resources, answers the questions of business on a regular basis.



Economic Development Agency of Leningrad Region

Over the last 7 years of working as a “one-stop-shop” for investment projects support, the Agency has gained positive experience in addressing a wide range of issues. The employees of the Agency provide support for the implementation of each project – from a business idea to commissioning, thus becoming reliable partners for investors.



324 projects
are being supported



47 projects
with foreign capital



> 1,650 billion RUB
total amount
of investment

THE AGENCY RENDERS THE FOLLOWING SERVICES:

- ✓ Consultations concerning the implementation of investment projects and measures of support
- ✓ Search and provision of information to investors about investment sites according to the requirements of a project
- ✓ Participation in dealing with the issues concerning the development of infrastructure and provision of utilities.
- ✓ Provision of information about the region and potential local partners

Economic Development Agency of Leningrad Region



Anastasia Mikhilchenko
Director

Our mission is to contribute to sustainable social and economic development of Leningrad region through high-quality support for investment projects and a dialogue between public authorities and business of the region.

Investors receive our support **at any phase of investment project implementation**: selection of an investment site, obtaining building permits, approval of engineering connection points and alterations to urban planning documentation, commissioning, selection of tax benefits.

We provide comfortable interaction between business and authorities, make efforts to **reduce project implementation time**. All services for investors are rendered free of charge.

One of the most compelling evidences of the fact that investors trust us is the growing portfolio of the projects, which we support. We sign more than 40 new contracts on investment projects support annually.



Lidia Burina
Head of Investment
Projects Support
Department



Irina Romanova
Head of Department
of Investment Infrastructure
Development



Elena Krokhnina
Head of Place
Marketing
Department

Measures of support for business

- Tax benefits
- Provision of a land plot for rent without a tendering process
- Financial support



Tax benefits.

Investment activity support

Law of Leningrad region No. 113-oz of December 29, 2012

Reduction of

Income tax (regional part)
Up to 01.01.2023

up to **13.5%**

Property tax
For the duration of the contract

0%

Minimum amount of investment

For 3 years in a row

from **300** mln RUB

For remote districts

from **50** mln RUB

For OKVED* code 10 –
“Food production”

from **200** mln RUB

Conditions

Period of use
(up to 8 years for automobile manufacturers)

3–6 years

Sales revenues

≥70%

Action plan



1. Make an investment



2. Sign a contract



3. Receive tax benefits

*All-Russian Classifier of Economic Activities

Tax benefits.

Regional Investment Project

Law of Leningrad region No. 89-oz of November 25, 2019

Key parameters

Income tax

10%

Corporate property tax

0%

Period of tax benefits provision

amount of capital investments over a period of time	term of investment	period of use
from 50 to 500 million RUB	in course of 3 years	no more than 4 years
over 500 million RUB	in course of 5 years	no more than 6 years

Conditions to receive it

Section C – “Manufacturing industries”

OKVED code 10–33, (All-Russian Classifier of Economic Activities), except for excisable goods.

The share of the total corporate income from the implementation of RIP **is no less than 90%** or if the income (expenses), received (incurred) from this activity, **is recorded separately**.

Action plan



1. Provision of an investment declaration



2. Inclusion in the list of regional projects



3. Making investments



4. Achievement of indices and receiving benefits

Validity period of income tax benefits is limited:

*For investments of 50–500 million RUB – **no later than 01.01.2027**. For investments of more than 500 million RUB – **no later than 01.01.2029**.*

Tax benefits.

Investment tax deduction (ITD)

Law of Leningrad region No. 36-oz dd. April 06, 2020

Key parameters

Amount of ITD from the expenses to purchase items of the fixed assets of the subsection “Machines and equipment” of amortization groups 3–10

60%

Tax rate for the determination of the maximum size of ITD

10%

**ITD which exceeds maximum amount of ITD is paid within subsequent four tax periods*

Action plan

1. Inform the Federal Taxation Service about your intention to use ITD according to Article 286.1 of the Taxation Code of Russia
2. Solidify your decision to exercise the right to use ITD in the Accounting Policy of your company
3. Submit tax statement with ITD at the end of the year

Provided

OKVED Section C – “Processing industries”



Participant of the regional project “Targeted support of work productivity improvement at the factories” (annual revenue starting from 400 million RUB)



The activity is performed only in Boksitogorsky, Lodeynopolsky, Podporozhsky municipal districts of Leningrad region



The activity is performed only in the single-industry municipality of Leningrad region



Production of machinery and equipment, not included in other groups



Production of other finished goods



Production of motor vehicles



Production of soft drinks, mineral water and other types of bottled drinking water



Production of leather and leather goods



Production of electrical equipment



Waste collection, processing and recycling (except for OKVED codes 38.1, 38.11, 38.12)



IT activities



Production of textiles

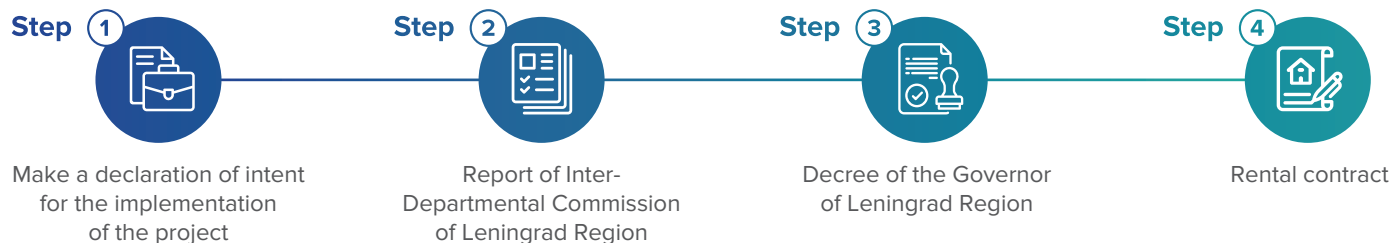


Production of clothing

Provision of a land plot for rent without a tendering process*

Law of Leningrad region No. 1-oz of January 27, 2016

Procedure to receive it



General criteria:



Criteria for Lodeynopolsky, Podporozhsky, and Boksitogorsky districts:















*only for the land plots, owned by municipalities or the region

Financial measures of support.

Concessional loans



The Entrepreneurship and Industry Support Fund of Leningrad Region, microcredit company – institution for entrepreneurship development and support, established in 2018 according to the Decree of the Governor of Leningrad Region. The founders are the Committee for Economic Development and Investment Activity and the Committee for the Development of Small and Medium Enterprises and Consumer Market of Leningrad Region. The Fund is a single management body of all the organizations, which offer state support to small and medium enterprises of Leningrad region.

Purchase of equipment, made in Russia and abroad	Support of investment activity in single-industry cities	Introduction of cutting-edge technologies, export, import substitution	Financing of investment projects and working capital
 Loan amount: from 5 to 200 mln RUB  Rate: from 6% to 8%  Down payment: from 0% in case of participation in the Cultivation Program	 Loan amount: from 10 to 1,000 mln RUB  Minimum rate: 0% (<250 mln RUB)  Deferral of payment: up to 3 years	 Loan amount: from 20 to 750 bln RUB  Basic rate: 5%  Minimum rate: 1%	 Guarantee amount: up to 1 bln RUB  Loan amount: from 0.5 to 1,000 mln RUB  Basic rate: from 8.5%

Financial measures of support.

Concessional loans



The Entrepreneurship and Industry Support Fund of Leningrad Region has been providing financing for investment projects according to the joint programs with the Industry Development Fund since 2019. The Fund provides loans for the projects of import substitution, introduction of cutting-edge technologies and new product development.

Loan conditions



Loan amount
(mln RUB)

20–100



Equity
(not less)

15%



Loan term

up to 5 years

Interest rate



If export >50%

1%



Without extra conditions

5%

Consultative measures of support. Regional Engineering Center



The Center is a structural unit of the Entrepreneurship and Industry Support Fund of Leningrad Region and it renders the following services for small and medium enterprises:



Assessment and audit

- Express assessment of technical readiness index
- Assessment of import substitution potential
- Company potential analysis
- Technical audit
- Financial and managerial audit
- Expert support according to the results of the audit



Solution development

- Development of technical solutions for production management
- Development of technical re-equipment programs of the production facilities
- Preparation of business plans, feasibility studies, investment memorandum
- Development of technical solutions for digitalization of manufacturing processes



Other services

- Marketing services
- Certification and review of various forms
- Intellectual property protection activities
- Training

The largest ongoing projects, supported
by the Economic Development Agency
of Leningrad Region





RUSCHEMALLIANCE

Gas processing complex as a part of the complex for processing ethane-containing gas



Execution period:
2018–2024



Total amount of investment:
1,200 billion RUB



Number of jobs:
3,000



**BALTIC
CHEMICAL
COMPLEX**

Gas-chemical complex as part of the complex for processing of ethane-containing gas



Execution period:
2018–2025



Total amount of investment:
980 billion RUB



Number of jobs:
1,845



PRIMORSK
universal loading complex

Construction of multipurpose transshipment complex in the port of Primorsk



Execution period:
2019–2022



Total amount of investment:
120 billion RUB



Number of jobs:
6,000



EUROCHEM

Organization of methanol production



EUROCHEM

Creation of a new company, producing ammonia and carbamide

Gas-Sintez

Construction of a methanol producing complex



Execution period:
2020–2024



Total amount of investment:
114 billion RUB



Number of jobs:
300



Execution period:
2018–2024



Total amount of investment:
105 billion RUB



Number of jobs:
250



Execution period:
2019–2022




Total amount of investment:
88 billion RUB




Number of jobs:
580

LUGAPORT

Creation of a multi-purpose trading terminal Lugaport


 Execution period:
2018–2024


 Total amount of investment:
46.5 billion RUB

 Number of jobs:
700



Construction of a grain terminal

 Execution period:
2019–2024

 Total amount of investment:
35 billion RUB

 Number of jobs:
600



Creation of a production and warehouse transshipment complex with a mooring area and Vistino industrial railway station


 Execution period:
2017–2022


 Total amount of investment:
30 billion RUB


 Number of jobs:
250



Expansion of the existing fertilizer production FosAgro

 Execution period:
2019–2025


 Total amount of investment:
28 billion RUB


 Number of jobs:
200



PHILIP MORRIS
INTERNATIONAL

Investment project on the localization of production of innovative reduced risk products

 Execution period:
2020–2021


 Total amount of investment:
20.5 billion RUB



Construction of the port terminal for export up to 4 million tons of grain freight per year


 Execution period:
2018–2022


 Total amount of investment:
7 billion RUB


 Number of jobs:
60



Construction of a wind power plant with the installed generating capacity of 68.4 MW


 Execution period:
2019–2022


 Total amount of investment:
6.5 billion RUB


 Number of jobs:
20



Modernization of a coffee production facility


 Execution period:
2018–2020


 Total amount of investment:
5 billion RUB

 Number of jobs:
72



Construction of phase 2 and phase 3 of bathroom faience plant


 Execution period:
2018–2022


 Total amount of investment:
3.8 billion RUB


 Number of jobs:
300



Construction of a warehouse for finished products 15d for storage and shipment of automobile tires


 Execution period:
2019–2025


 Total amount of investment:
3.1 billion RUB


 Number of jobs:
55



Construction of Pigment paint and varnish production facility


 Execution period:
2018–2021


 Total amount of investment:
2 billion RUB


 Number of jobs:
200



Construction of a factory for the production of an extended range of snacks

 Execution period:
2015–2022

 Total amount of investment:
1.7 billion RUB

 Number of jobs:
190

Success stories





Dmitry Pinchukov

Chairman of the Board of
Galactika Group of Companies

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.



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.



Victoria Fedorova

CEO of Ust-Luga Company

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.



Jon Hjarland

General Manager of Jotun
Paints

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





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. SGTТ produces large gas turbines which is heavy oversized cargo requiring complex logistics. Infrastructure of the site in Gorelovo allows SGTТ to organize all necessary logistics.

SIEMENS



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.

**nokian[®]
TYRES**



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 Agency which became a very reliable, tried-and-true assistant for us in solving many production issues which require support of the authorities.

JDE
JACOBS DOUWE EGBERTS



Mario Cioccolo

**CEO of Thermex Group –
Management company of Heating
Equipment**

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 Agency for their help and support.



Marina Potoker

CEO of ROCKWOOL Russia

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.



Evgeniy Ovchinnikov

**Deputy Director for Investment
Policy of Tander**

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 Agency for their assistance at all stages of signing an investment agreement.



Contacts





ECONOMIC
DEVELOPMENT
AGENCY
Leningrad Region

📍 64 B Malookhtinsky avenue, office 402,
Saint Petersburg

☎ + 7 (812) 644-01-23 ✉ invest@aerlo.ru

🌐 www.lenoblinvest.ru 📱📺📷 lenoblinvest



INDUSTRY
DEVELOPMENT
CENTRE
OF LENINGRAD
REGION

📍 64 B Malookhtinsky avenue, office 406, Saint Petersburg

☎ + 7 (812) 644-01-24 ✉ info@crplo.ru

🌐 www.crplo.ru 📱 crp.lenobl 📺 crp_lo



📍 6/1 Lyalin pereulok,
Moscow

☎ +7 (495) 120-24-16 ✉ frp@frprf.ru

🌐 ww.frprf.ru 📱📺 rffrp



📍 3 Energetikov avenue, building A, Saint Petersburg

☎ +7 (812) 309-46-88 ✉ fpp@813.ru

🌐 www.813.ru 📱 locpp 📺 locpp813



ECONOMIC
DEVELOPMENT AGENCY
Leningrad Region

"one-stop-shop" of investment projects support



64 B Malookhtinsky avenue, office
402, Saint Petersburg



+7 (812) 644-01-23



invest@aerlo.ru



lenoblinvest.ru



lenoblinvest

INVEST
IN LENINGRAD
REGION