

**FRONT OFFICE**

FOR INVESTOR RELATIONS  
OF THE ADMINISTRATION  
OF LENINGRAD REGION



# SHIPBUILDING CLUSTER OF LENINGRAD REGION



**pwc**

## WELCOME ADDRESS

# FROM THE GOVERNOR OF LENINGRAD REGION



### Dear friends,

Historically, Leningrad region has been directly connected with sea and river routes. For many years, the shipbuilding industry has been a priority branch for the regional economy. Today, shipyards in the region account for 2.5% of gross regional product, with total annual volume coming to RUB 17 billion.

Over the years, shipbuilding has been one of the leading sectors of our economy. Therefore, the creation of the Shipbuilding Cluster of Leningrad region is an important development. We see prospects for its development in two key areas — the Northern Passage and offshore development in the Arctic.

Leningrad region is ready to provide complete support to companies in the sector and new partners, including tax benefits, industrial parks, and support for investment projects on a «one-stop-shop» principle.

In the Investor's Guide to the Shipbuilding Cluster of Leningrad region, you will find information about the comfortable conditions for doing business in the region, production enterprises already in operation and plans for developing the sector.

Leningrad region is open for cooperation. I hope that this booklet will provide assistance in the development of your business in our region.

**Alexander Drozdenko**  
*Governor of Leningrad region*

# INTRODUCTION BY COUNTRY MANAGING PARTNER, PWC RUSSIA



## Dear friends,

You are holding the Investor's Guide to the Shipbuilding Cluster of Leningrad region. Shipbuilding today is a strategic priority and an actively developing sector in Russia.

The shipbuilding industry occupies an important place in the economy of Leningrad region, as it is home to various shipbuilding, ship repair and ship instrumentation enterprises. Furthermore, geographical proximity to St Petersburg and close collaboration with other regions provide access to project and research centres, as well as qualified personnel.

Leningrad region has been implementing a consistent economic and investment policy. The region has created a favourable environment for mutually beneficial inbound and outbound investments, which is continuously being improved.

This guide was prepared jointly with Leningrad region and is intended to familiarise potential investors with our most promising industries and the region's investment potential, and to contribute to the region's successful economic development on mutually advantageous terms.

**Igor Lotakov**

*Country Managing Partner, PwC Russia*

# GENERAL INFORMATION



LENINGRAD  
REGION'S AREA

S – 85,900 sq. km.

# RUSSIA



## ADMINISTRATIVE AND TERRITORIAL DIVISION

17 municipal districts  
1 city district  
61 urban settlements  
138 rural settlements

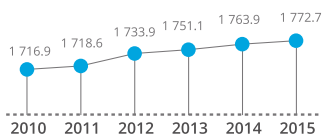
### Major cities:

**Gatchina** — 95,000 people  
**Vyborg** — 80,000 people  
**Sosnovy Bor** — 67,000 people  
**Vsevolozhsk** — 64,000 people

POPULATION, in '000s:  
**1,772,7** PEOPLE



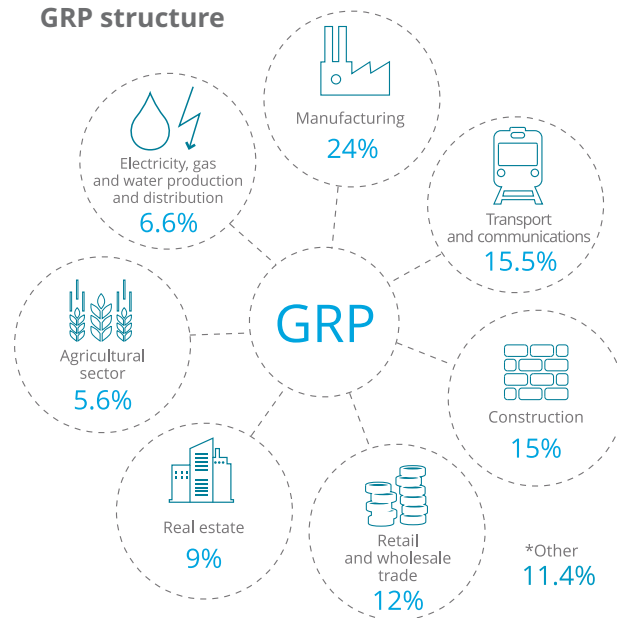
### Population changes, in '000s:



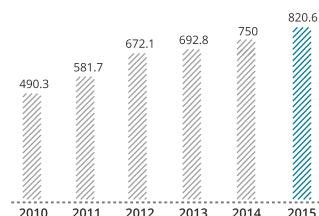
Economically active  
population — 956,000 people

## ECONOMY

### GRP structure

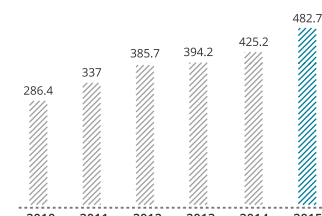


### Gross regional product, RUB billion:



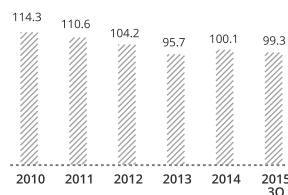
Forecast

### GRP per capita, RUB thousand:

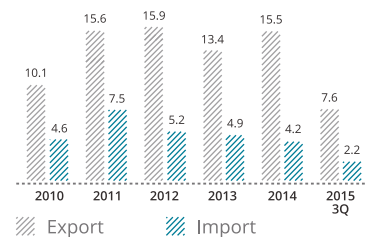


Forecast

### Index of industrial production, %

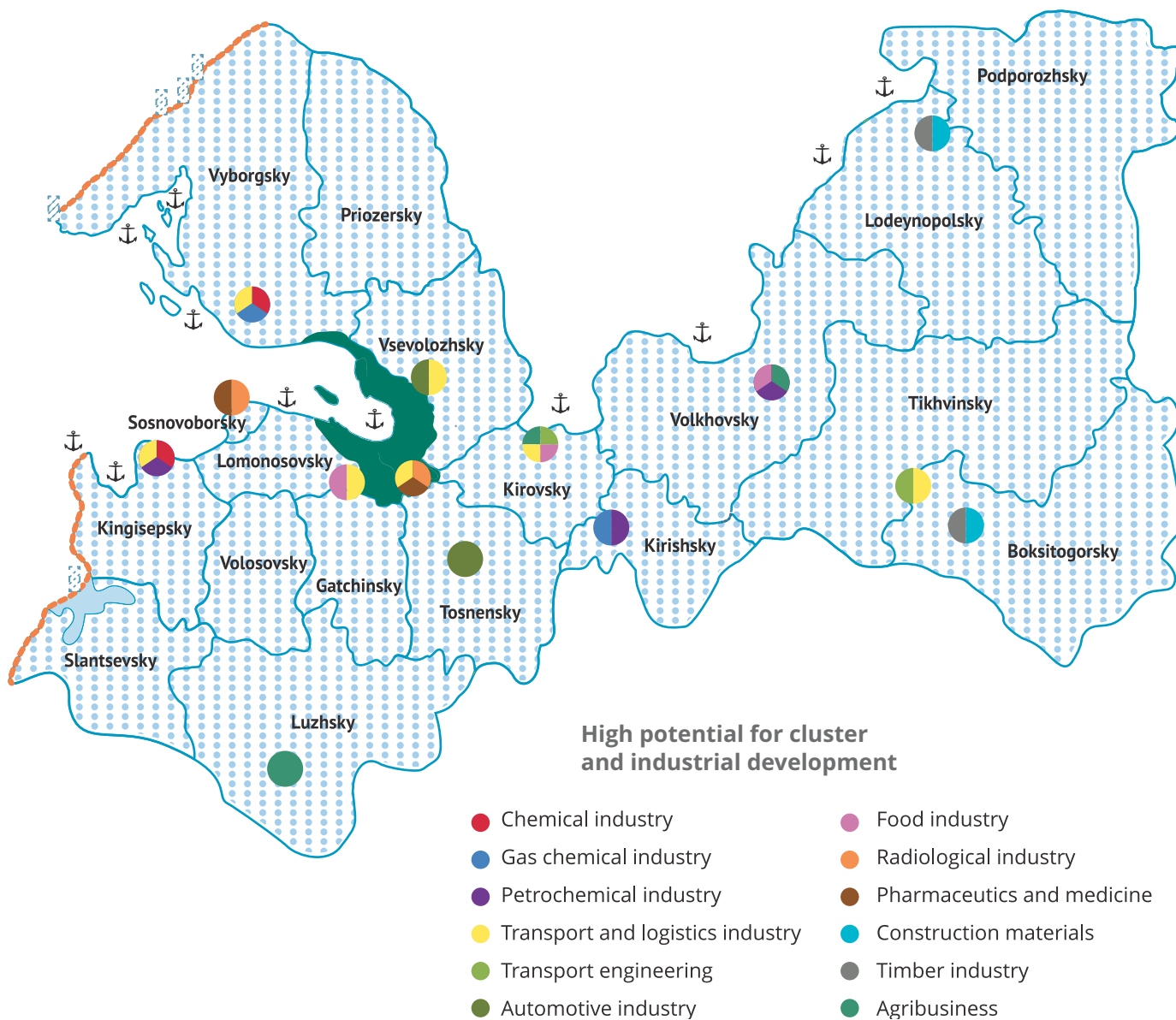


### Foreign trade turnover, USD billion:

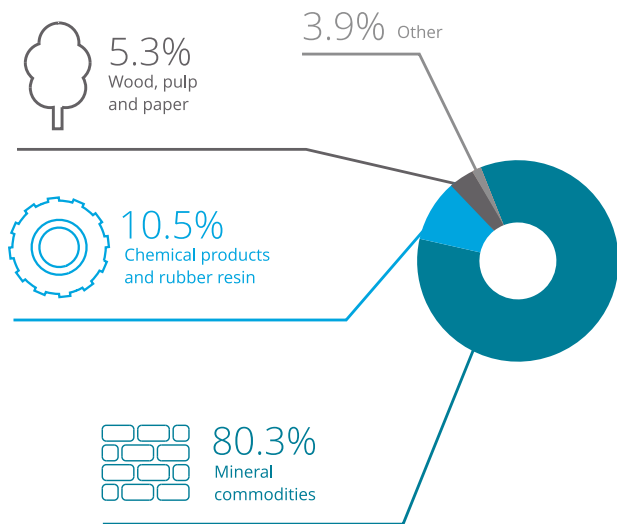


Export Import

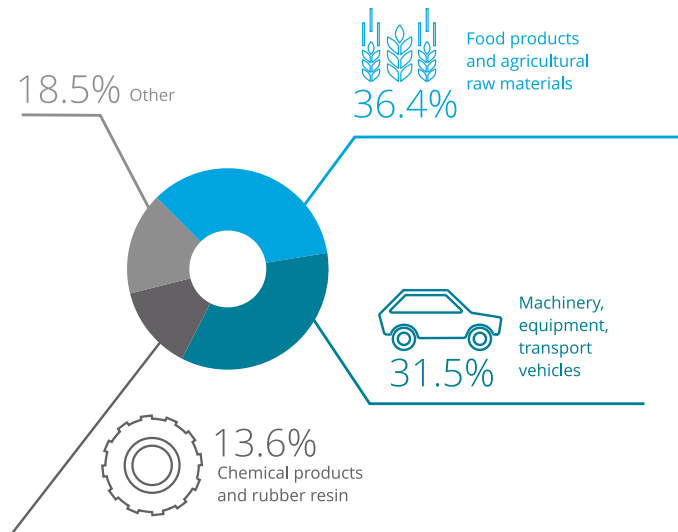
# MAP OF LENINGRAD REGION'S INDUSTRIAL COMPLEX



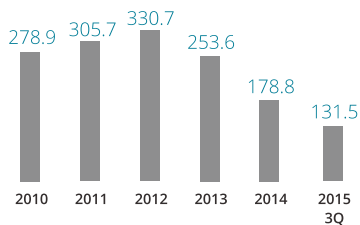
### EXPORT COMMODITY STRUCTURE (2015 3Q)



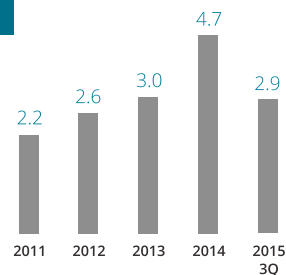
### IMPORT COMMODITY STRUCTURE (2015 3Q)



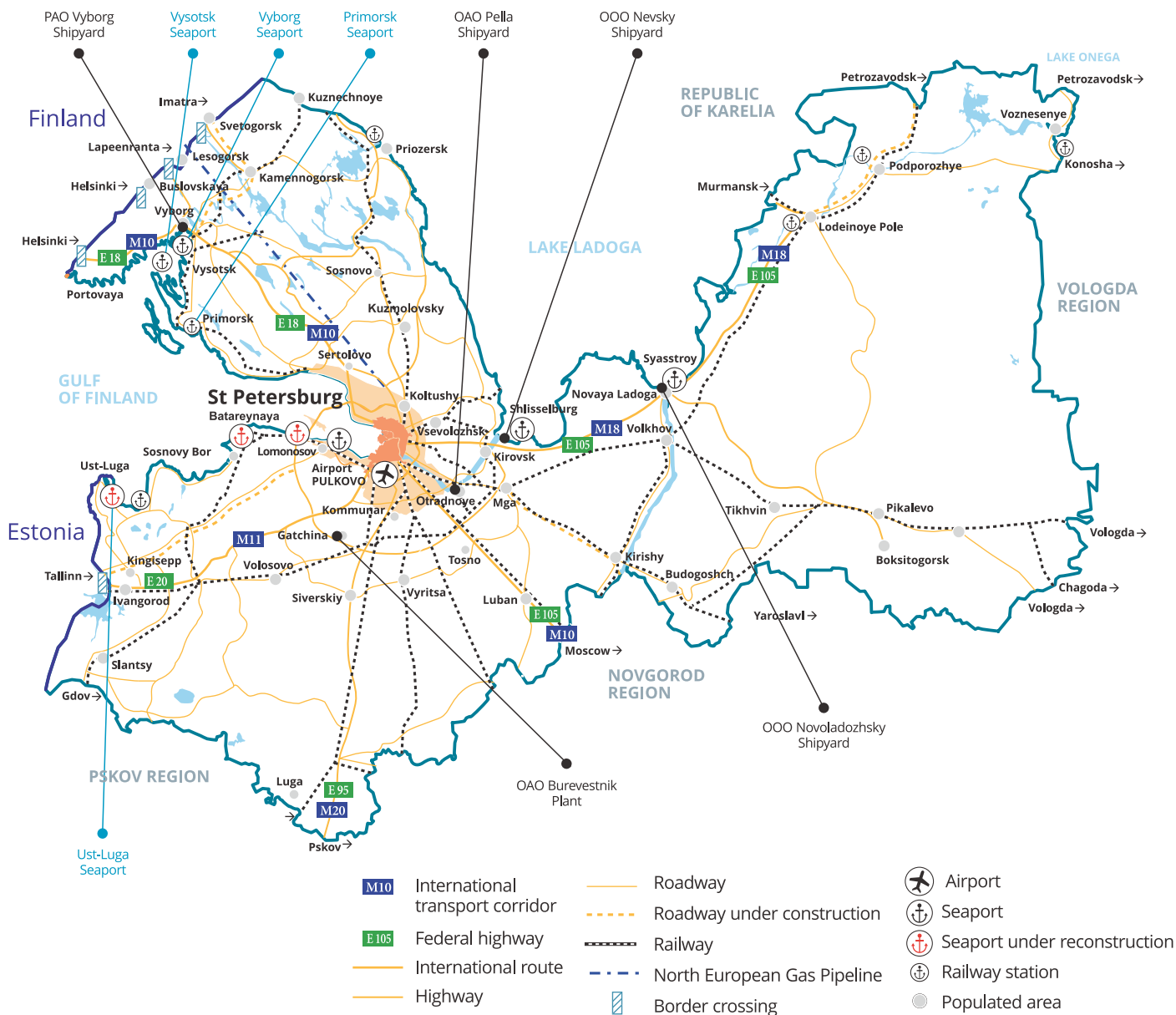
### CAPITAL INVESTMENT, RUB BILLION:



### FOREIGN DIRECT INVESTMENT, USD BILLION:



# SHIPBUILDING CLUSTER DEVELOPMENT MAP





## OVERVIEW OF LENINGRAD REGION'S SHIPBUILDING CLUSTER

There are **32** shipbuilding enterprises employing more than **31,000** persons in St Petersburg and Leningrad region, including R&D, design and production facilities.

The Shipbuilding Cluster's share in the gross regional product (GRP) of Leningrad region comes to around **2.5%**.

In 2015, total goods (works, services) produced by shipbuilding companies in Leningrad region and St Petersburg equaled a value of RUB **90 billion**.

Furthermore, total investment in the Cluster's development was over RUB **150 million**.

Total R&D works and projects carried out by the Cluster's enterprises came to RUB **490 million**.

### *Prospective areas of development in the Shipbuilding Cluster:*

- supply vessels;
- multipurpose vessels;
- rescue and salvage ships;
- anchor handling tugs;
- seismic vessels;
- harbour tugboats;
- fishing vessels;
- nuclear-powered icebreakers (increased capacity — 60–110 MW) and new generation diesel-powered icebreakers (capacity — 16–25 MW);
- ice-class tankers;
- hi-tech research vessels with modern equipment;
- FPSO vessels for processing and transportation of products extracted in Arctic areas;
- drilling platforms for development in the Arctic.



# RESIDENTS OF THE SHIPBUILDING CLUSTER OF ST PETERSBURG AND LENINGRAD REGION

COMPANY	LOCATION	SPECIALISATION
<b>PJSC Vyborg Shipyard</b>	Vyborg, Leningrad region	<ul style="list-style-type: none"> <li>• construction of drilling platforms, small and medium tonnage vessels for the development of offshore fields</li> <li>• production of icebreakers</li> </ul>
<b>OAO Pella Shipyard</b>	Otradnoye, Leningrad region	<ul style="list-style-type: none"> <li>• shipbuilding and ship repair</li> <li>• R&amp;D in natural and technical sciences</li> </ul>
<b>OOO Novoladozhsky Shipyard</b>	Novaya Ladoga, Leningrad region	<ul style="list-style-type: none"> <li>• shipbuilding and ship repair</li> <li>• production of ship isolation valves</li> <li>• ship casting, mechanical processing and production of metal constructions</li> </ul>
<b>OOO Nevsky Shipyard</b>	Shlisselburg, Leningrad region	<ul style="list-style-type: none"> <li>• turnkey construction of all types of vessels, including tankers, bulk carriers, tugboats and technical fleet vessels</li> <li>• shipbuilding and mechanical engineering</li> </ul>
<b>OAO Svir Shipyard</b>	Nikolsky, Leningrad region	<ul style="list-style-type: none"> <li>• shipbuilding</li> <li>• in recent years, the company has also been engaged in logging and woodworking</li> </ul>
<b>OOO Laky Verf</b>	Shlisselburg, Leningrad region	<ul style="list-style-type: none"> <li>• construction of customised luxury yachts</li> <li>• the company also specialises in the production of multifunctional speedboats</li> </ul>
<b>OOO Ladoga Shipyard</b>	Novaya Ladoga, Leningrad region	<ul style="list-style-type: none"> <li>• repair and maintenance of engines and turbines (except for aircraft, car and motorcycle engines)</li> </ul>
<b>OOO Baltic Shipyard–Shipbuilding</b>	St Petersburg	<ul style="list-style-type: none"> <li>• construction of first-class surface vessels, ice class vessels, floating nuclear power stations and floating desalination complexes</li> </ul>
<b>OAO Admiralty Shipyards</b>	St Petersburg	<ul style="list-style-type: none"> <li>• construction, warranty repair and modernisation of diesel electric submarines, deep-submergence vehicles and surface vessels</li> <li>• construction of non-nuclear submarines for the needs of the Russian Navy and foreign clients</li> </ul>
<b>OAO Shipbuilding Plant Severnaya Verf</b>	St Petersburg	<ul style="list-style-type: none"> <li>• construction of surface warships (corvettes, frigate, destroyers), special purpose vessels and supply vessels for the Russian Navy</li> <li>• repair and modernisation of surface warships for the Russian Navy and foreign clients</li> <li>• commercial shipbuilding for domestic and foreign markets</li> </ul>
<b>OAO Almaz Marine Plant</b>	St Petersburg	<ul style="list-style-type: none"> <li>• construction and repair of speedboats for the Federal Border Service and the Russian Navy</li> </ul>
<b>OAO Almaz Shipbuilding Company</b>	St Petersburg	<ul style="list-style-type: none"> <li>• military boatbuilding</li> </ul>
<b>ZAO Kanonersky Ship Repairing Yard</b>	St Petersburg	<ul style="list-style-type: none"> <li>• ship repair</li> </ul>
<b>Kronstadt Marine Factory</b>	St Petersburg	<ul style="list-style-type: none"> <li>• repair and maintenance of military and civil vessels, repair of gas turbine power plants, diesel engines, complex metalworking, galvanizing and painting</li> </ul>

COMPANY	LOCATION	SPECIALISATION
<b>OAO Sredne-Nevisky Shipyard</b>	St Petersburg	<ul style="list-style-type: none"> <li>shipbuilding: missile boats (corvettes), mine countermeasures vessels, patrol vessels and passenger ships</li> </ul>
<b>ZAO Geser</b>	Otradnoye, Leningrad region	<ul style="list-style-type: none"> <li>production of vessels, aircraft, spacecraft and other vehicles</li> </ul>
<b>OAO Burevestnik Plant</b>	Gatchina, Leningrad region	<ul style="list-style-type: none"> <li>production of ship armature, heat exchangers, armature for the oil and gas industry, and armature for the energy industry</li> </ul>
<b>OAO Ladoga Plant</b>	Kirovsk, Leningrad region	<ul style="list-style-type: none"> <li>production of hydro-acoustic equipment for the Russian Navy</li> </ul>
<b>OAO Krizo Plant</b>	Gatchina, Leningrad region	<ul style="list-style-type: none"> <li>production of electric machinery and equipment</li> <li>production of automatic control devices and equipment (centres or automatic remote controls)</li> </ul>
<b>OOO OMZ-Special Steel</b>	St Petersburg	<ul style="list-style-type: none"> <li>production of semi-finished metallurgical products for various industries</li> </ul>
<b>OOO Pigment Holding Company</b>	St Petersburg	<ul style="list-style-type: none"> <li>production of painting materials</li> </ul>
<b>OOO Aris</b>	St Petersburg	<ul style="list-style-type: none"> <li>production, delivery and wholesale of rubber products, polyurethane products, bearings and hydraulic equipment</li> </ul>
<b>OOO Lomonosovsky Plant of Marine Equipment</b>	St Petersburg	<ul style="list-style-type: none"> <li>production and delivery of marine equipment for sea and river vessels</li> </ul>
<b>OAO Zvezda</b>	St Petersburg	<ul style="list-style-type: none"> <li>production of light multifunctional high-speed diesel engines</li> </ul>
<b>AO Proletarsky Zavod</b>	St Petersburg	<ul style="list-style-type: none"> <li>marine and power engineering</li> </ul>
<b>ZAO Obukhovskoye</b>	St Petersburg	<ul style="list-style-type: none"> <li>design and production of deck mechanisms, ship equipment and hydraulic systems</li> <li>development and production of nonstandard ship machinery (e.g., special lowering and lifting devices, test benches, etc.)</li> </ul>
<b>ZAO NTC Reducer</b>	St Petersburg	<ul style="list-style-type: none"> <li>design of drive equipment</li> <li>preparation of drive equipment production</li> <li>development of reducers and gear motors</li> </ul>
<b>OAO Aurora Scientific and Production Association</b>	St Petersburg	<ul style="list-style-type: none"> <li>development, assembly and maintenance of systems for automatic control of technical equipment in submarines, military and civil vessels, etc</li> </ul>
<b>OAO Armalit-1</b>	St Petersburg	<ul style="list-style-type: none"> <li>production and distribution of marine pipe fittings, modeling and measuring equipment, and press tools</li> </ul>
<b>OOO Ship Systems</b>	St Petersburg	<ul style="list-style-type: none"> <li>design and construction of vessels</li> <li>equipment delivery</li> <li>warranty and after-sales services</li> </ul>
<b>OOO Tranzas Navigator</b>	St Petersburg	<ul style="list-style-type: none"> <li>production of navigational, meteorological, geodesic and geophysical instruments</li> </ul>

# DEVELOPMENT PROGRAMME FOR THE SHIPBUILDING CLUSTER

The main aim of the Development Programme for the Shipbuilding Cluster of Leningrad region for the period until 2030 is to improve the competitiveness and economic potential of the shipbuilding industry in the region through the effective coordination of shipbuilding and ship repair enterprises, manufacturers of marine equipment, scientific institutions, educational institutions and the local authorities. Such cooperation will help expand access to innovations, technologies, specialised services and highly qualified personnel, as well as reduce any costs. This, in turn, will result in joint projects and fruitful competition in the Cluster, as well as help to maintain and improve respective positions on the shipbuilding market.

## ***The Programme's objectives include:***

- a) improving the competitiveness and economic potential of the Cluster's participants thanks to their effective cooperation in the construction of ships, vessels, marine equipment and other products throughout the entire lifecycle of these products;
- b) fostering conditions for broad access to innovations, new technologies and technical solutions, as well as ensuring technology transfer through encouraging cooperation among the Cluster's participants (the main areas of cooperation for the Cluster's participants include education, R&D and production operations);
- c) creating conditions to attract highly qualified personnel to the shipbuilding industry and related sectors, as well as the development of a personnel training system for scientific, engineering and technical, management and production personnel in the Cluster;
- d) ensuring the modernisation and overall development of the Cluster's infrastructure (e.g., innovative, educational,

transport, energy, engineering, environmental and social infrastructure);

- e) fostering conditions for the launch of joint investment projects (e.g., simplifying access for the Cluster's participants to financial (credit) resources), as well as encouraging a favourable investment climate;
- f) assisting in the development of small and medium-sized enterprises in the Cluster;
- g) ensuring international economic integration and boosting the competitiveness of the Cluster's participants through support of projects aimed at both domestic and foreign markets;
- h) providing methodological, organisational, expert, analytical and informational support for the Cluster's development.

## ***The Programme focuses on the following key development matters:***

- the Cluster's manufacture of products (e.g., vessels, equipment, and products for Arctic development, etc.) with an emphasis on expanding the current market shares of its key enterprises;
- boosting investment in new production enterprises relying on innovative and proven technologies with a focus on new markets for civil shipbuilding;
- expanding cooperation among the Cluster's participants through vertical integration of its participants in order to optimise production processes, coupled with horizontal integration through industrial cooperation, thereby allowing enterprises to fulfil their potential and complement the potential of other Cluster participants;
- ensuring the diversification of civil shipbuilding products.



# STATE MEASURES OF SUPPORT FOR THE SHIPBUILDING CLUSTER

## REGIONAL MEASURES OF SUPPORT

### BENEFITS FOR INVESTORS

**Legislation:** Leningrad region Law No. 113-OZ of 29 December 2012 «On Government Support for Organisations Investing in Leningrad region and on Amending Certain Legal Acts of Leningrad region»

THE TIMEFRAME FOR REVIEWING, APPROVING AND SIGNING AN AGREEMENT FOR PROVISION OF GOVERNMENT SUPPORT FOR AN ENTERPRISE COMES TO **35 DAYS**

### REDUCTIONS IN TAXATION



### INVESTMENT AMOUNT



RUB 300–500 million	4 years
RUB 500 million–3 billion inclusive	5 years
over RUB 3 billion	6 years

### BENEFICIAL PERIOD

## CONDITIONS FOR RENDERING SUPPORT

Tax incentives are provided to organisations receiving state support under the region's law «On Government Support for Organisations Investing in Leningrad Region and Amending Certain Legal Acts» within the period for provision of such support.



## FEDERAL MEASURES OF SUPPORT

### ● Resolution of the Government of the Russian Federation of 03.01.2014 No. 3

Subsidies for interest rate of loans for working capital and current activity.

### ● Resolution of the Government of the Russian Federation of 11.10.2014 No. 1044

Concessional loans by authorized banks under the programme of project financing.

### ● Resolution of the Government of the Russian Federation of 30.12.2013 No. 1312

Partial reimbursement of expenses for carrying out research and development activities in priority branches of civil industry while implementing investment projects by organizations.

### ● Granting loans by Russian Foundation for Technological Development

Granting loans on competitive basis, rate — 5% for 7 years, volume — from RUB 50 to 700 million.

### ● Resolution of the Government of the Russian Federation of 09.04.2010 No. 218

Partial reimbursement of expenses for realization of projects on creation of hi-tech production plants being implemented with participation of Russian higher education organizations, state scientific institutions.

### ● Special investment contracts within the Resolution of the Government of the Russian Federation of 16.07.2015 No. 708

Over the period established by a contract an investor undertakes to establish or modernize and (or) develop industrial production in the territory of the Russian Federation using its own resources or involving others, and the Russian Federation or the subject of the Russian Federation undertakes to grant measures for stimulating industrial activities within this period.

# ADMINISTRATIVE SUPPORT FOR INVESTMENTS

## «ONE-STOP-SHOP» SUPPORT FOR INVESTMENT PROJECTS

**Key advantages of «one-stop-shop» support for investment projects:**

- Front Office for Investor Relations of the Administration of Leningrad Region is a single point of entry for investors that can settle issues related to the implementation of investment projects;
- it ensures direct contact with representatives of the regional and municipal authorities at any level;
- acceleration of the selection of land plots (i.e., the time from the moment when an application for a land plot is submitted to the provision of a list of plots with access to utilities comes to three working days);
- provision of full and comprehensive information about tax benefits and other support measures for investors, as well as consultation on issues regarding current legislation, urban planning documentation, etc.

## FOCUS AREAS OF FRONT OFFICE



### INFORMATION AND CONSULTING SUPPORT FOR INVESTORS

- Providing information about government support, creating talent pools and other data required for carrying out investment projects.



### SELECTING SITES ACCORDING TO THE REQUIREMENTS OF SPECIFIC INVESTMENT PROJECTS

- The stage when investors select a land plot may significantly increase organisational, time and financial costs at the start of production. Accordingly, the availability of investment plots with access to utilities and transparent land title, as well as an effective mechanism to acquire or rent a land plot, may become the most important factors in making a decision on localising production in the region.



### PROVIDING ENGINEERING AND TRANSPORT SUPPORT

- Analysing opportunities to provide engineering and transport support for land plots, calculating costs and organising procedures for utility connections, as well as construction of access roads, providing information about tariffs, etc.

## INVESTOR REQUEST



### MEETING IN FRONT OFFICE

Investment project presentation.  
Presentation on Front Office's services.



### FILING AN APPLICATION FOR ASSISTANCE

Brief project description.  
All information provided by investors is confidential.

The timeframe for reviewing an application is **5 days**



### SIGNING AN AGREEMENT ON SUPPORT FOR INVESTMENT PROJECTS

Types of investment project support.  
Information and advisory assistance.  
Selection of an investment site.  
Providing assistance in engineering and transport support.

The timeframe for reviewing an application is **5 days**



### SUPPORT FOR INVESTMENT PROJECT

Providing support in finding an investment site.  
Consulting on the availability/potential connection to/cost of infrastructural support at sites.  
Providing assistance in obtaining documentation issued by municipal, regional and federal authorities.  
Consulting on matters related to the acquisition of titles to land plots; consulting on urban planning documentation.  
Making changes to site designs.  
Consulting on current legislation.  
Consulting on existing government support measures in the region.

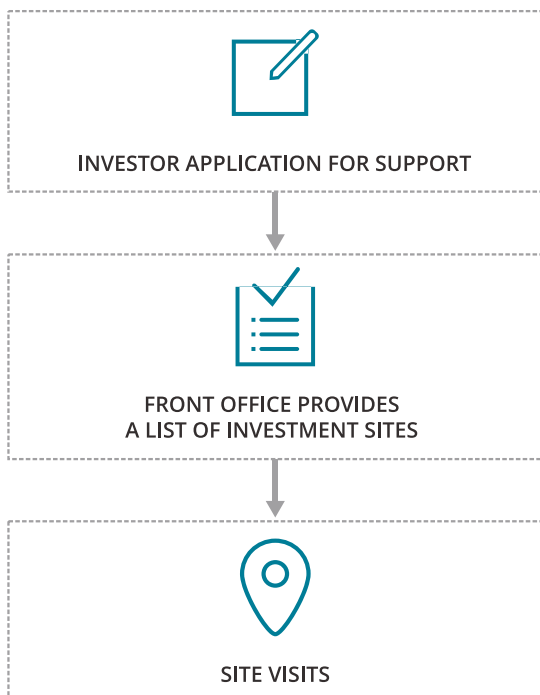


## SELECTION OF LAND PLOTS

- Front Office for Investor Relations of the Administration of Leningrad Region has put in place several procedures, which can help to optimise the time investors spend on looking for investment sites that fully meet their needs.

**Selecting an investment site** means finding an investment site that meets the requirements of specific investment projects, providing accurate and objective information about the level of engineering support for investment sites, etc.

### LAND PLOT SELECTION STAGES



*The application contains a short description of the project and a set of requirements for the investment site: site type (Greenfield, Brownfield), size, required engineering and transport infrastructure, hazard class of operations, etc. All information provided by investors is kept confidential.*

#### **Timeframe – three working days.**

*A list of investment sites that meet the investor's request. If there are no sites that fully match all of the required parameters, information about the most suitable sites is sent to the investor.*

*After the investor studies the alternative investment sites, Front Office then agrees site visits with owners/tenants in order to come to a final decision on the location of production facilities (administrative, infrastructure, warehouses, etc.).*

### PROCEDURE FOR APPROVING AND CONNECTING TO REQUIRED UTILITIES

Obtaining access to utility and supply networks, as well as signing energy supply contracts, requires interaction with supply and network organisations, many of which are monopolies. This interaction is regulated by separate statutory regulations for each of these areas.

#### **Stages**

1. The investor (land plot title holder) determines their utility infrastructure needs.
2. The investor (land plot title holder) files an application to the appropriate authorities (monopolists) to set the price

and obtain the technical specifications for connection to utility infrastructure.

3. The relevant authorities provide information about technical capabilities and connection costs.
  4. A connection contract is signed.
  5. The parties fulfil their respective contractual obligations.
- The investor is responsible for connection costs and the construction of utility pipelines within the borders of the land plot. The competent authorities are responsible for the construction of utility pipelines to the borders of the plot.

# TRANSPORT INFRASTRUCTURE

## Exceptional geographic location:

Distance to Moscow — 634 km.

The most important transport hub in Northwest Russia.

Access to European markets (shares borders with Finland and Estonia).

Access to the largest domestic markets, including St Petersburg, Central Russia and Moscow.

## A developed transport system:

Total length of railways — 3,000 km.

Total length of roads — over 22,500 km.

Five federal highways: M10 Russia, M10 Scandinavia, M11 Narva, M18 Kola and M20 Pskov.

Pulkovo International Airport.

Seaports on the Baltic coast: Primorsk, Ust-Luga, Vysotsk and Vyborg.

Leningrad region's transport infrastructure ensures low costs for access to the Shipbuilding Cluster's key markets, including Western Europe, Central Russia, St Petersburg and Moscow.

## OVERVIEW OF LENINGRAD REGION'S RAIL INFRASTRUCTURE

Railway transport is the backbone of Leningrad region's transportation system. It accounts for the bulk of cargo and passenger traffic, including long distance transport. Furthermore, railways account for 83% of cargo and 40% of passenger traffic in the region.

The length of railway tracks passing through the region comes to over 3,000 sq. km, out of which 1,600 km are electrified. The network density comes to 32 km per 1,000 sq. km. In addition, 37 terminal railway stations, 80 stations and over 200 passenger platforms are located throughout the region.

The strategic development of railways in the region helps meet the transport needs of seaports, the local economy and residents. In addition, this also ensures new, high quality passenger transport. For this purpose, OAO Russian Railways is now carrying out the following major investment projects:

- overall reconstruction of the Mga–Gatchina–Veimarn–Ivangorod railway section and lines leading to ports on the southern shore of the Gulf of Finland;

- construction of the new Losevo–Kamennogorsk line for the movement of cargo traffic to ports on the Gulf of Finland;
- operation of high-speed passenger trains between St Petersburg and Moscow;
- operation of high-speed passenger trains between St Petersburg and Buslovskaya.

### *In order that cargo transit is unhampered:*

- the Losevo–Kamennogorsk railway line operation was launched;
- the Kamennogorsk–Vyborg railway section is being reconstructed;
- the construction of the North-Eastern alternative rail route for St Petersburg is planned;
- the Svetogorsk–Imatra multiway railway checkpoint is being developed.

In 2014, total cargo forwarded by rail transport in Leningrad region was 30.1 million tonnes. Furthermore, the number of passengers travelling by public suburban railways in the region was 25.8 million people with passenger turnover coming to 2.8 million passengers/km.





## OVERVIEW OF ROAD INFRASTRUCTURE IN LENINGRAD REGION

Leningrad region has a developed network of public roads. Their total combined length comes to around 19,000 km, with 8% being federal highways, 52% as regional and municipal highways, and 40% as local roads.

Based on the length of its public roads, Leningrad region ranks second and fourth in terms of road density per 1,000 sq. km in the Northwestern Federal District.

High demand for transportation via Leningrad region's highway network is driven by such factors as the proximity of St Petersburg, as well as the Trans-Siberian and South-

North international transportation corridors that pass through the region. In addition, the development of ports on the Baltic coast and existing international car checkpoints at the Russian state border with such EU countries as Finland and Estonia are also very important factors in this regard.

Automobile transport provides connections between different types of terminals (sea and river ports, railway stations, airports), border checkpoints, production and consumption centres, and places of residence.

## AVAILABILITY OF A SKILLED WORKFORCE AND SCIENTIFIC AND TECHNOLOGICAL POTENTIAL

Many higher education institutions and secondary vocational institutions in the region are now training qualified specialists for the local shipbuilding industry.

### *These institutions primarily include:*

- State Marine Technical University of St Petersburg;
- Admiral Makarov State University of Maritime and Inland Shipping;
- Peter the Great St Petersburg Polytechnic University;
- Baltic State Technical University «Voenmeh» named after D. F. Ustinov.

### *The following secondary vocational institutions are also worth mentioning:*

- St Petersburg Marine Engineering College;
- St Petersburg Marine Fishing College;
- St Petersburg Marine Technical College.

### *Professional education institutions training personnel for the Shipbuilding Cluster of Leningrad region and St Petersburg:*

- Volkhov College of Transport Construction;

- Vyborg Polytechnic College (Alexandrovsky);
- Kirishi Polytechnic College;
- Kirovsk Polytechnic College;
- Otradnoye College of Water Transport;
- Podporozhye Polytechnic College;
- Shipbuilding and Applied Technologies College;
- Petrovsky College.

### *Higher education institutions training personnel for the Shipbuilding Cluster of Leningrad region and St Petersburg:*

- State Marine Technical University of St Petersburg;
- Vyborg branch of Northwestern State Open Technical University.

## AVERAGE SALARY

The average salary at enterprises operating in the Cluster comes to RUB 43,523.

# SWOT ANALYSIS OF THE SHIPBUILDING CLUSTER

## STRENGTHS

- availability of capable and efficient industrial shipbuilding and ship repair companies (i.e., potential partners);
- availability of state development programmes;
- availability of state support measures in the region;
- favourable geographic location with access to key markets;
- established training system for highly qualified personnel in the shipbuilding sector and related industries;
- availability of methodological, organisational, expert and analytical, and informational support for the Cluster's development;
- availability of developed transport infrastructure (e.g., seaports, highways, airways and railways).

## WEAKNESSES

- ship design and construction are highly labour-intensive;
- high costs and long timeframes required for shipbuilding;
- the Russian shipbuilding industry is highly dependent on orders from the military and industrial complex;
- limited range of products;
- lack of established connections with international partners and consumers, as the Russian shipbuilding industry is largely focused on the domestic market.

## OPPORTUNITIES

- potential synergistic effect with companies already operating in the Cluster;
- Russia's move towards import substitution;
- possible boost in productivity due to technological modernisation in the shipbuilding industry;
- availability of promising niches for exports (e.g., marine equipment for the oil and gas industry, icebreakers, tugboats, supply vessels, cruise vessels, LNG carriers, specialised tankers, ro-ro ships, etc.);
- emergence of new segments such as production of large tonnage transport vessels coupled with the appearance of innovations in the sector;
- development of tourism and growing demand for river tours;
- development of technologies for offshore oil and gas fields.

## THREATS

- growing price competition as a result of the economic crisis;
- rising costs for imported components because of the weakening of the rouble;
- instability on financial markets;



## CONTACT DETAILS

### FRONT OFFICE FOR INVESTOR RELATIONS OF THE ADMINISTRATION OF LENINGRAD REGION

#### **Economic Development Agency of Leningrad Region — Public Institution**

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An aerial photograph of a large white ship, likely a naval vessel, under construction in a dry dock. The ship is positioned on a concrete slipway, with various pieces of machinery and equipment visible on its deck. Several workers can be seen on the ground around the ship, providing a sense of scale. The image is framed by a teal-colored border.

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