



FRONT OFFICE

FOR INVESTOR RELATIONS
OF THE ADMINISTRATION OF LENINGRAD REGION

AUTOMOTIVE CLUSTER OF LENINGRAD REGION



OPENING REMARKS OF THE GOVERNOR OF LENINGRAD REGION



Leningrad region is a place where the automotive industry is actively developing.

Today the automotive cluster of the region offers more than 3,500 jobs. Despite difficulties, enterprises of the region continue their development and, importantly, do it in a consolidated manner. To unite supply chains and increase the level of production localization, the automotive industrial cluster Avtoprom Severo-Zapad comprising both car assembly plants and automotive component manufacturers was registered late last year. In the current market conditions, members of the Cluster understand that they are all in the same boat and only through joint efforts they can get on the path to growth.

The region actively supports the industry. For example, last year automobile companies got an opportunity to recover expenses for doing tests of materials, manufactured components and technological equipment. The implementation of this measure of support allows reducing the cost of the final product and increases its competitiveness.

I am sure that information from this booklet will promote the development of your business in Leningrad region. We are open to cooperation with new partners. We maintain comfortable working conditions for everyone.

ALEXANDER DROZDENKO
Governor of Leningrad region

OPENING REMARKS OF THE CHAIRMAN AND MANAGING PARTNER OF KPMG IN RUSSIA AND THE CIS



We are glad to introduce the investor's guide to the automotive cluster of Leningrad region. This region has a lot to offer to the business: different subsidies, tax benefits, state guarantees, etc. It is planned to set up a testing center for the automotive industry, and cooperation within the cluster is constantly developing.

But the main thing, in my opinion, is that the Government of the region is willing to implement a really effective investment policy and improve the attractiveness of the region for car assembly plants and automotive component manufacturers.

We hope that this booklet will prove useful for developing your business in Leningrad region.

OLEG GOSHCHANSKY

*Chairman and Managing Partner,
KPMG in Russia and the CIS*

ABOUT LENINGRAD REGION

GEOGRAPHICAL LOCATION



The region borders the European Union countries — Finland and Estonia



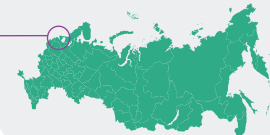
It has access to the Baltic Sea (through the Gulf of Finland), which enables development of large seaports



Borders on major lakes — Lake Ladoga and Lake Onega



Is located in the northwest of Russia



Borders with **5** constituent subjects of the Russian Federation:

- Saint Petersburg
- Novgorod region
- Pskov region
- Vologda region
- Republic of Karelia



83,900 km²

total area of the region

ADMINISTRATIVE DIVISIONS

Largest cities

- Gatchina
- Vyborg
- Vsevolozhsk
- Sosnovy Bor
- Tikhvin
- Kirishi

Leningrad region comprises

17 municipal districts

1 urban district

2,944 settlements, out of which

2,878 are rural

66 are urban

POPULATION NUMBERS AND LABOR RESOURCES



1,791,900 people
total resident population in 2016,
including:



63.7% urban population
36.3% rural population

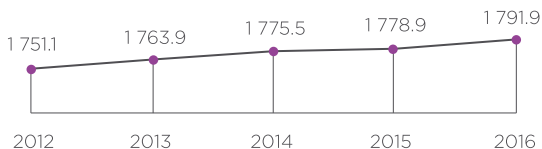


966,200 people
total labor force in 2016,
including:

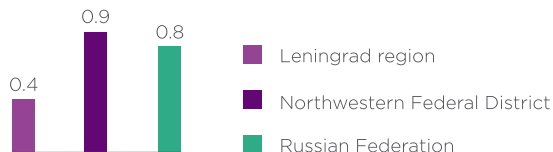


95.4% active in the economy

Population dynamics, thousand people

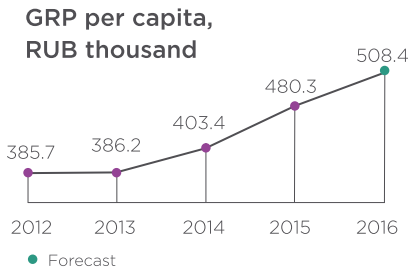
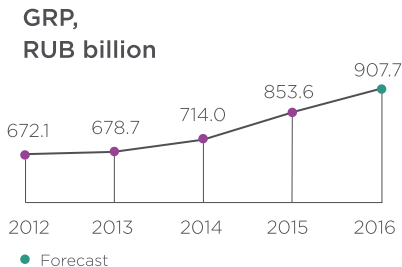


Level of recorded unemployment in 2016
as % of the labor force

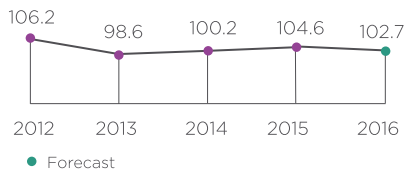


ABOUT LENINGRAD REGION

GROSS REGIONAL PRODUCT



GRP volume index, % of the previous year



IN TERMS OF GRP PER CAPITA, DURING 2012-2015 LENINGRAD REGION CONSISTENTLY EXCEEDED THE AVERAGE LEVEL FOR RUSSIA

Breakdown of the GRP of Leningrad region



- 35.6% industry
- 15.3% transport and communications
- 12.0% wholesale and retail trade
- 10.1% construction
- 8.8% real estate transactions
- 18.2% miscellaneous

FOREIGN ECONOMIC ACTIVITY

\$7.5 billion

foreign trade turnover of the region in 2016

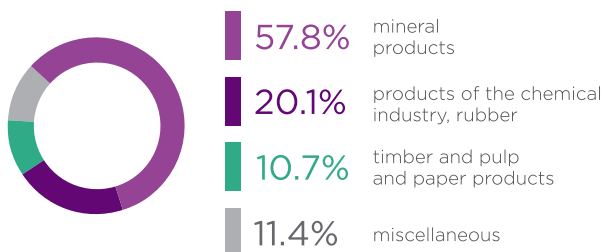
93.9%

share of non-CIS countries in trade turnover in 2016



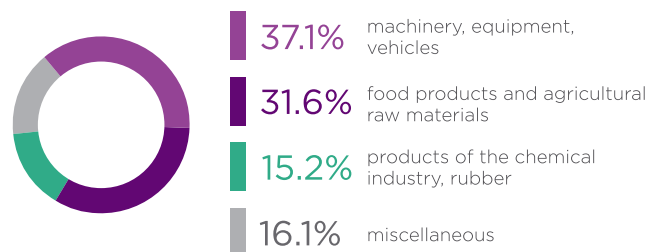
\$4.8 billion
total exports for 2016

Breakdown of exports

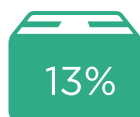


\$2.7 billion
total imports for 2016

Breakdown of imports



Leading countries in terms of exports from the region



China



Finland



The Netherlands

Leading countries in terms of imports to the region



Germany

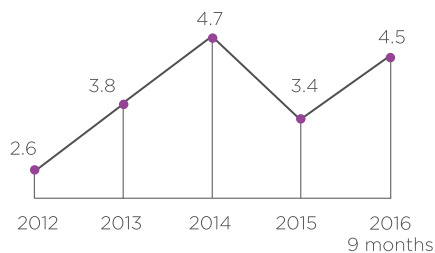


China



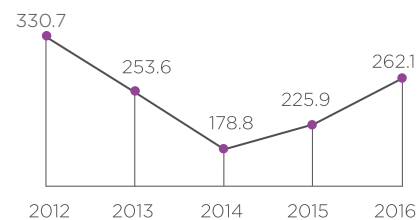
Finland

Foreign direct investments, USD billion



About 1% of the total volume of investment in capital assets in Leningrad region is spent on development of the automotive cluster

Investments in fixed capital, RUB billion



657

enterprises with foreign participation operate in Leningrad region

Most investments in 2016 were allocated to:

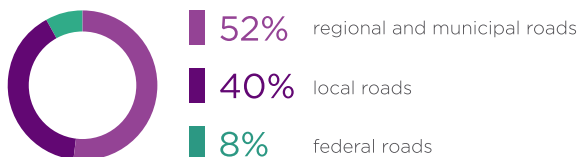
- industry — 50.3%
- transport and communications — 27.9%
- real estate transactions — 10.6%

ROAD INFRASTRUCTURE





The transport complex of Leningrad region is an important link in the Russian and global transport system.

Leningrad region is located at the intersection of overland, water and air routes in the alignment of international transport corridors, as well as interests of **three major global growth centers**: North America, Western Europe and East Asia.

The length of public roads in Leningrad region is **18,700 km**



Drivers of demand for road transportation via the road network of the region

-  proximity to Saint Petersburg
-  the Trans-Siberian Railway and North-South international transport corridors partially cross the region
-  development of ports on the Baltic Sea coast
-  international automobile checkpoints on the border of Russia with the EU countries — Finland and Estonia

Motor roads link different parts of the vast territory of the region and provide **access to foreign countries** and neighboring regions. They are used for **mass transportation** of goods and passengers.

Road transport **connects terminals** of other modes of transport (sea and river ports, railway stations, airports), **border crossings**, production and consumption centers, and places of residence.

22,500 km

the length of motor roads in Leningrad region

There are **7 federal highways**, including the following most important ones:

- M10 Russia
- M10 Scandinavia
- M11 Narva
- M18 Kola
- M20 Pskov

In the Northwestern Federal District, Leningrad region ranks

No. 2
in terms of the length of public roads

No. 4
in terms of the road density per 1,000 m²

STRUCTURE OF THE CLUSTER

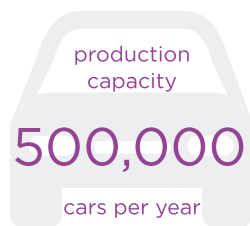
The automotive cluster is a group of geographically localized, interconnected production companies and suppliers of equipment, components and specialized services.



More than **30%** of cars in Russia are produced by the automotive cluster of Saint Petersburg and Leningrad region together with Moscow and Moscow region



In Saint Petersburg and Leningrad region, there are **7 car assembly plants** and **more than 60 domestic and foreign manufacturers of automotive components** that supply car assembly plants throughout Russia



Leningrad region and Saint Petersburg occupy the **2nd** place among Russian regions in terms of car output

98.2%





the index of industrial production of cars in Leningrad region in 2016

132.9%

the index of industrial production of auto parts and accessories

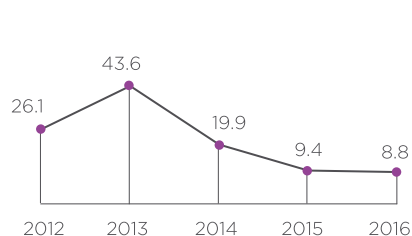


FUTURE DEVELOPMENT OF THE CLUSTER

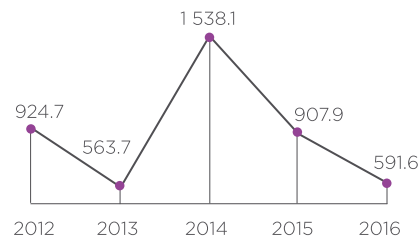
-  The automotive industry is one of the key branches of the economy creating a multiplicative effect for other industrial sectors in the Russian Federation
-  The automotive industry is a priority branch in view of high investment activity, given that manufacturers of cars and auto components are large foreign investors
-  The current situation in the economy more than ever facilitates localization of production, especially in terms of technologically complex units and components, primarily engines, transmissions, chassis and electronics
-  Leningrad region implements a long-term policy of innovative development of the region as a place favorable for doing business



Volume of shipped products of the automotive cluster, billion rubles



Volume of investment in capital assets of the automotive cluster, million rubles



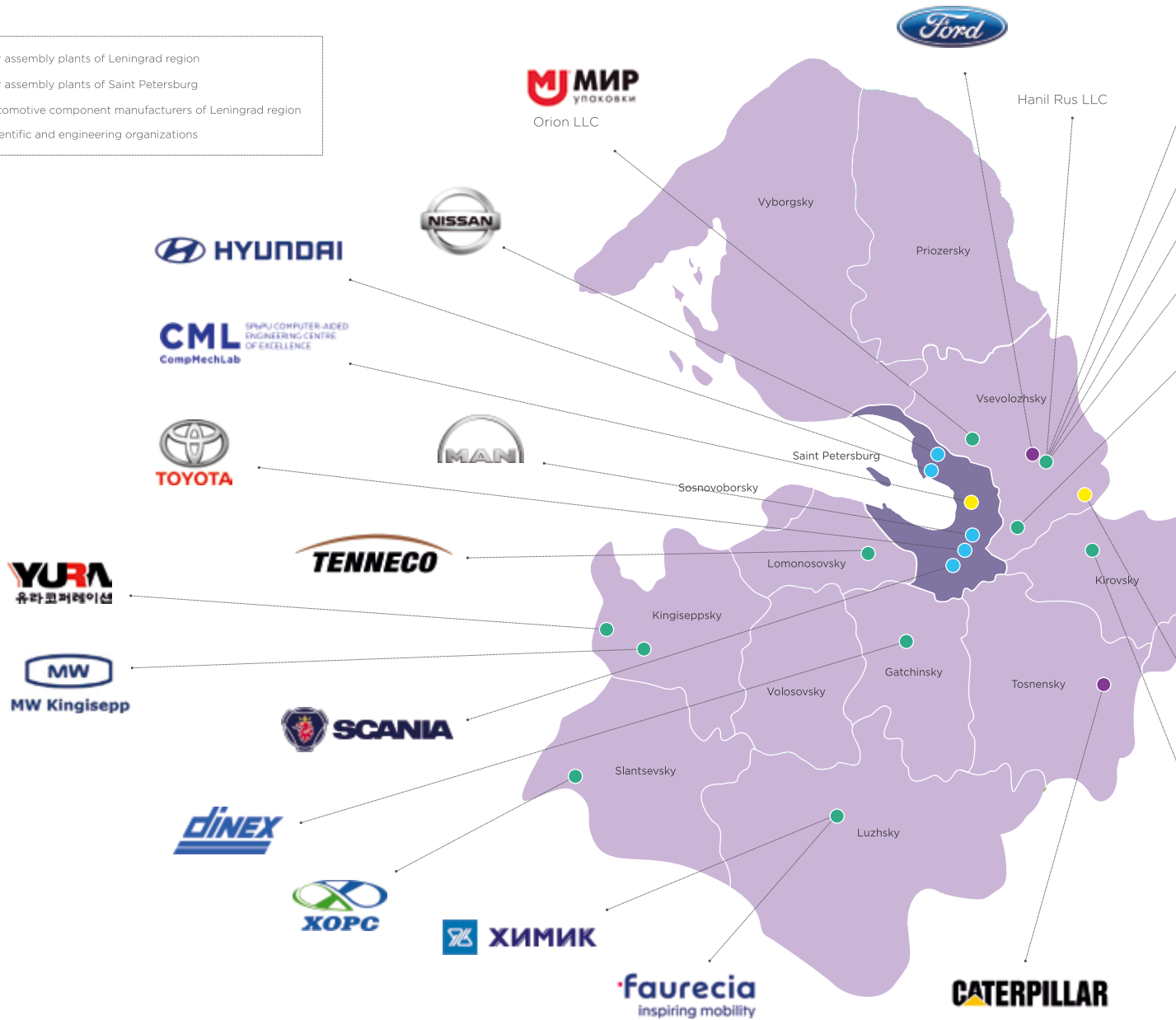
INVESTMENT PROJECTS THAT ARE BEING IMPLEMENTED OR PLANNED IN LENINGRAD REGION

Name of the investment project	Name of the company	Amount of financing	Period of implementation, years	Brief description of the investment project
Mastering the production of styled steel wheels along with increasing line productivity	MW Kingisepp LLC	294 million rubles	2016–2019	Mastering the production of styled steel wheels, increasing production line productivity from 1.4 to 2 million steel wheels per year (by 43%)
Establishment of modern production facilities to manufacture components from aluminum alloys by high-pressure die casting	Volkhor LLC	895.7 million rubles	2016–2025	Reconstruction of the northern potroom at the Volkhov Aluminum Smelter (VAS-SUAL subsidiary) to install equipment for high-pressure die casting of auto components
The second stage of construction of a plant to produce automobile tyres	Nokian Tyres LLC	267,185,000 euro	2010–2019	Construction of the most modern enterprise to produce high-quality world-class tyres; increasing its production capacity to 17,800,000 tyres per year
Industrial production of ATVs and snowmobiles	PK AWM-Trade LLC	250 million rubles	2017–2026	The main goal of the project is to increase the competitiveness and capitalization of the enterprise, to contribute to the reduction of the share of imports and development of domestic specialized mechanical engineering thanks to production (with subsequent localization) of CFMOTO ATVs (the brand belongs to a large Chinese company — Zhejiang CFMOTO Power Co., Ltd), as well as snowmobiles customized for Russia

THE GOVERNMENT OF LENINGRAD REGION STRIVES TO CREATE CLEAR AND TRANSPARENT RULES OF WORK FORMING A COMFORTABLE ENVIRONMENT FOR INVESTMENT ACTIVITIES IN THE REGION

KEY ORGANIZATIONS OF THE CLUSTER

- Car assembly plants of Leningrad region
- Car assembly plants of Saint Petersburg
- Automotive component manufacturers of Leningrad region
- Scientific and engineering organizations



**nokian
TYRES**

TI Automotive

**Severstal
Gestamp**

IT-Resurs LLC

АНТОЛИН

Podporozhsky

Lodeynopolsky

Volkhovsky

Tikhvinsky

Kirishsky

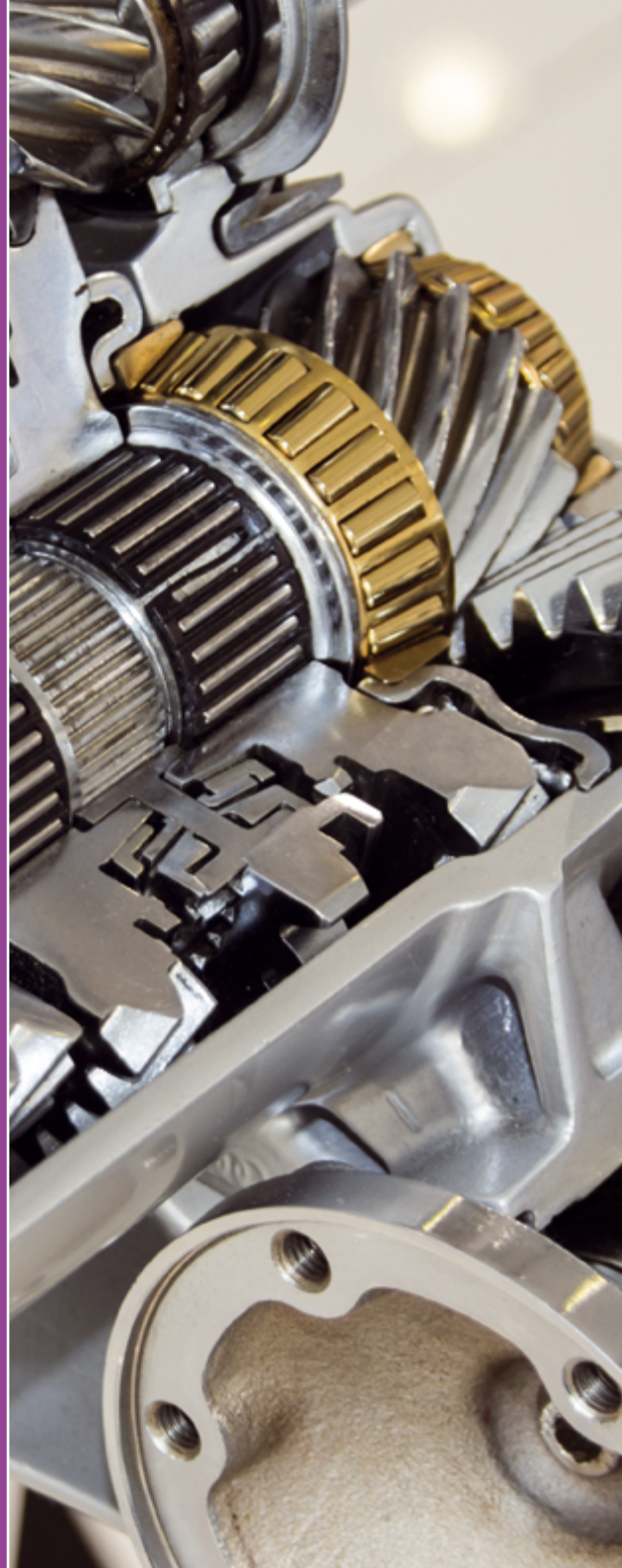
Boksitogorsky

Volkhor LLC

ЕВРОЭЛЕМЕНТ

Optima Engineering
Systems Rus LLC

Filter Materials Research and
Production Enterprise CJSC



KEY ORGANIZATIONS OF THE CLUSTER

CAR ASSEMBLY PLANTS OF LENINGRAD REGION

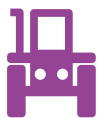


FORD MOTOR COMPANY CJSC

(Vsevolozhsk)

The plant produces Ford Focus and Ford Mondeo cars.

The potential capacity of the plant is 125,000 cars per year.



CATERPILLAR TOSNO LLC

(Tosno)

International company Caterpillar produces logging, road-building and construction machinery, including tractors, bulldozers, excavators, pipelayers, off-road dump trucks and diesel engines.



CAR ASSEMBLY PLANTS OF SAINT PETERSBURG



HYUNDAI MOTOR MANUFACTURING RUS LLC

(Sestroretsk)

Production of Hyundai Solaris and Hyundai Creta cars.

The capacity of the plant is 200,000 cars per year.



NISSAN MANUFACTURING RUS LLC

(Saint Petersburg)

Production of Nissan X-Trail, Nissan Teana and Nissan Murano cars.



TOYOTA MOTOR LLC BRANCH

(Saint Petersburg)

Production of Toyota Camry and Toyota RAV-4 cars.



SCANIA PETER LLC

(Shushary)

The only enterprise in Russia that produces Scania products, including all types of trucks.

The plant produces chassis for trucks and P-, R- and G-series Scania trucks with the following axle configurations: 4x2, 4x4, 6x2, 6x4, 6x6, 8x2, 8x4.



MAN TRUCK & BUS RUS LLC BRANCH

(Saint Petersburg)

Production of MAN trucks and MAN and NEOPLAN buses.

AUTOMOTIVE COMPONENT MANUFACTURERS OF LENINGRAD REGION

Organization	Location	Information about the organization
Gestamp Severstal Vsevolozhsk LLC	Vsevolozhsk, Vsevolozhsky district	A joint venture of Severstal and Gestamp specializing in production of metal parts and components for the automotive industry using modern technologies of cold stamping and automated assembly. The plant is a part of the international group GESTAMP AUTOMOCION.
MW Kingisepp LLC	Kingisepp, Kingiseppsky district	The plant produces steel stamped car wheels measuring 13-17 inches in diameter. The plant supplies its products to the majority of Russian car manufacturers: AVTOVAZ PJSC, Nissan Manufacturing Rus LLC, PSMA Rus LLC, Renault Russia CJSC, Volkswagen Group Rus LLC, Ford Sollers Elabuga LLC, Ford Sollers Holding LLC.
Yura Corporation Rus LLC	Ivangorod, Kingiseppsky district	A branch of the Korean company supplying auto components to Hyundai. The company specializes in production of automobile electrical wiring and other automotive components. Currently there are 9 plants producing electrical components around the world: in South Korea, Vietnam, China, Slovakia and Tunisia. All plants have been built in accordance with a uniform international standard. The largest plant is situated in the town of Ivangorod, Leningrad region, Russia. It is designed to employ 1,500 people.
IT-Resurs LLC	Vsevolozhsk, Vsevolozhsky district	The company deals with manufacturers of cars, instruments and household appliances on a subcontracting basis. The company's main activity is stamping: stamping of parts (cold stamping, progressive stamping) on stamping equipment with a force of 100 to 400 tons; welding (resistance welding); die tooling maintenance; final assembly of products.
Grupo Antolin-San Petersburgo LLC	Novosaratovka, Vsevolozhsky district	It is a part of the international holding Grupo Antolin (Italy) manufacturing interior components for the automobile industry.
Orion LLC	Sertolovo, Vsevolozhsky district	The plant produces plastic parts for the automobile industry. A part of Mir Upakovki group of companies.
Faurecia Interior Luga LLC	Luga, Luzhsky district	The company manufactures and assembles front and rear automobile bumpers, dashboards, door panels, central consoles, roof elements, sun visors, acoustic systems, interior trim elements, including car mats and handles. The company supplies its products to the following enterprises in Russia: AVTOVAZ PJSC, Nissan Manufacturing Rus LLC, PSMA Rus LLC, Renault Russia CJSC, Volkswagen Group Rus LLC, Ford Sollers Elabuga LLC, Ford Sollers Holding LLC.
Filter Materials Research and Production Enterprise CJSC	Otradnoe, Kirovsky district	The company specializes in production of fuel, air and oil filters for cars. It produces the main component material for filters — different types of filter paper for all types of car filters to clean air, fuel and oil.
Dinex Rus LLC	Gatchina, Gatchinsky district	The company produces exhaust systems and emission systems for trucks, buses, vans and industrial vehicles.
Nokian Tyres LLC	Vsevolozhsk, Vsevolozhsky district	The plant in Vsevolozhsk is the most modern tyre plant in Europe. It was officially opened in September 2005. The plant is equipped with state-of-the-art high-tech equipment, all processes are automated. The plant produces winter and summer tyres for cars and SUVs — Nokian Hakkapeliitta, Nokian Hakka and Nokian Nordman. Tyres produced at the plant in Vsevolozhsk are sold in Russia and exported to 38 countries.
TI Automotive LLC	Vsevolozhsk, Vsevolozhsky district	It is a subsidiary of the British company TI Automotive producing fuel and brake systems.
Hanil Rus LLC	Vsevolozhsk, Vsevolozhsky district	The plant produces fuel and brake systems.

KEY ORGANIZATIONS OF THE CLUSTER

AUTOMOTIVE COMPONENT MANUFACTURERS OF LENINGRAD REGION

Organization	Location	Information about the organization
EuroElement LLC	Kirishi, Kirishsky district	<p>The company produces high quality air, fuel and oil filters for the automotive industry; industrial filters and ventilation filters. Together with Stellar Industries Inc., an American company, EuroElement LLC manufactures mobile truck mounted service complexes. NAMI-FOND, an authority certifying automobile products, confirmed that EuroElement products comply with relevant technical regulations.</p> <p>The plant has a certificate confirming that it has been assigned the World Manufacturer Identifier code (WMI). EuroElement has a certificate confirming that the plant's quality management system complies with ISO 9001:2008 international standards.</p>
Tenneco Automotive Volga LLC	Villozi, Lomonosovsky district	The plant supplies exhaust systems for Ford Motor Company cars.
XOPC-SILICONE LLC	Slantsy, Slantsevsky district	The company is the only manufacturer of industrial silicone products in Russia. The company's plant located in Leningrad region is equipped with European equipment and certified in accordance with international quality assurance systems: ISO 9001, IQNet and ISO/TS 16949.
Himik OJSC	Luga, Luzhsky district	The main activities of the company are development and production of the following car goods and car care products: NEKKER auto cosmetics — a professional series of modern high-tech car cosmetics for easy making and keeping cars clean; modern glycol-based cooling liquid; STRIKE glass cleaners — modern specialized agents for cleaning windshields created on the basis of the latest technologies specially for Russian car owners; lock de-icer — a highly effective modern agent for defrosting and, at the same time, lubricating locks; moisture-absorbing car mats — designed to absorb water and dirt from the car floor covering effectively and quickly.
Volkhor LLC	Volkhov, Volkhovsky district	The plant is under development. Production of 4,000 tons of components from aluminum alloys by high-pressure die casting.



SCIENTIFIC AND ENGINEERING ORGANIZATIONS

ENGINEERING CENTER “CENTER OF COMPUTER-AIDED ENGINEERING” OF PETER THE GREAT SAINT PETERSBURG POLYTECHNIC UNIVERSITY

Activities of the Engineering Center:

- regular research and development at the request of high-tech industrial enterprises;
- computer engineering for inter-, multi- and transdisciplinary scientific research, for design, engineering and innovative activities;
- multidisciplinary research, integration into technological chains and production processes of world-class industrial companies (mastering, adaptation and development of “cutting edge technologies”);
- development and transfer of new generation technological chains with high added value of intellectual know-how to the domestic industry (“forward-looking capture, mastering and application of advanced technologies” which are not represented in Russia);
- export of intellectual engineering services.

Currently, the main driver of the Center’s development is the world automotive industry being the most competitive and dynamically developing industry among all sectors of the world economy.

OPTIMA ENGINEERING SYSTEMS RUS LLC

The company will help increase the localization and assist in selection of suppliers to develop production within the automotive cluster.

The project team includes Russian and European designers and engineers, as well as experts in the quality of automotive products.



MEASURES OF STATE SUPPORT

FEDERAL MEASURES OF STATE SUPPORT

Support measure	Regulation	Description
Subsidies from the federal budget to Russian manufacturers of wheeled vehicles to compensate them for a portion of their costs for research and development and testing of wheeled vehicles	Resolution of the Government of the Russian Federation No. 29 dated 15 January 2014	Partial reimbursement of costs for research and development and testing of wheeled vehicles
Subsidy to reimburse a part of costs for energy resources by power-intensive enterprises in the automotive industry	Resolution of the Government of the Russian Federation No. 30 dated 15 January 2014	Reimbursement of expenses for electric power used for production purposes
Subsidies to reimburse a part of costs to undertake and maintain warranty obligations with respect to wheeled vehicles meeting Euro-4 and Euro-5 standards	Resolution of the Government of the Russian Federation No. 31 dated 15 January 2014	Reimbursement of costs incurred to manufacture vehicles and maintain warranty obligations with respect to vehicles excluding labor, electricity and research & development costs
Subsidies to Russian producers of wheeled vehicles to compensate them for some labor costs	Resolution of the Government of the Russian Federation No. 32 dated 15 January 2014	Partial reimbursement of salary costs, as well as expenses for paying insurance contributions and contributions to the Pension Fund of the Russian Federation
Subsidies to reimburse a part of expenses for transportation and homologation of products and confirmation of their compliance with international standards	Resolution of the Government of the Russian Federation No. 905 dated 10 September 2016	Reimbursement of expenses for transportation and homologation of products and confirmation of their compliance with international standards, as well as expenses for participation in activities of international organizations
Subsidy to pay a part of interest on loans to implement new investment projects	Resolution of the Government of the Russian Federation No. 3 dated 03 January 2014	Subsidizing interest on loans for replenishment of working capital and current activities
Subsidies to reimburse a part of costs for paying interest on loans received from Russian credit institutions for implementation of investment projects	Resolution of the Government of the Russian Federation No. 5 dated 03 January 2014	Reimbursement of costs to implement investment projects in the chemical industry and to pay interest on loans
Subsidies to compensate for costs of exporting goods, work and services, to purchase equipment, to compensate for costs of paying interest on loans, to implement educational programs, to promote goods in regional and international markets	Resolution of the Government of the Russian Federation No. 1605 dated 30 December 2014	Support for small and medium-sized businesses
Loan for implementing investment projects based on project financing granted on preferential terms	Resolution of the Government of the Russian Federation No. 1044 dated 11 October 2014	Lending by authorized banks on preferential terms as part of the project financing program
Subsidies to implement joint investment projects, provided that the requirements of Resolution of the Government of the Russian Federation No. 779 dated 31 July 2015 "On Industrial Clusters and Specialized Organizations of Industrial Clusters" are met	Resolution of the Government of the Russian Federation No. 41 dated 28 January 2016	Reimbursement of up to 50% of the total cost of implementing a joint investment project aimed at import substitution within the Cluster
Subsidies to compensate for a part of expenses for research and development	Resolution of the Government of the Russian Federation No. 1312 dated 30 December 2013	Partial reimbursement of expenses for conducting research and development into top priorities of civil industries as part of implementation of complex investment projects by organizations
Subsidies to compensate for costs of implementing complex projects to establish high-tech production	Resolution of the Government of the Russian Federation No. 218 dated 09 April 2010	Partial reimbursement of expenses for complex projects to establish high-tech production implemented with the participation of Russian higher education institutions, state research institutions

Preferential operation terms when implementing investment projects under concluded special investment contracts

Resolution of the Government of the Russian Federation No. 708 dated 16 July 2015

The investor undertakes to establish or modernize and/or master production of industrial products, while the Russian Federation or its constituent entity undertakes to stimulate industrial activities within the period of project implementation

GRANTING OF A LOAN FOR THE IMPLEMENTATION OF INVESTMENT PROJECTS ON FAVORABLE TERMS AND CONDITIONS

Industrial Development Fund (Federal State Autonomous Institution Russian Foundation for Technological Development)

Special-purpose loans are provided on a competitive basis at an interest rate of 5% per annum for up to 7 years in the amount of 50 to 500 million rubles

REGIONAL STATE SUPPORT MEASURES



SUBSIDY TO REIMBURSE EXPENSES FOR TESTING MATERIALS, MANUFACTURED PRODUCTS AND/OR PRODUCTION TOOLS

Resolution of the Government of Leningrad Region No. 342 dated 12 September 2016

- reimbursement of expenses for testing (inspecting, checking, analyzing, examining) samples (specimens) of materials and components used to manufacture products, manufactured products and technological equipment and tools, including relevant software



SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES

Center for Entrepreneurship Support of Leningrad Region

A subsidy to reimburse a part of expenses related to:

- entering into a finance lease agreement
- paying interest under loan agreements
- purchasing equipment in order to establish and/or develop and/or modernize production of goods
- obtaining certificates
- implementing measures under energy efficiency programs



SUBSIDY TO REIMBURSE EXPENSES FOR TRANSPORTATION OF EMPLOYEES AND EXPENSES FOR PROFESSIONAL TRAINING, RETRAINING AND ADVANCED TRAINING OF PERSONNEL

Resolution of the Government of Leningrad Region No. 391 dated 12 October 2015

- reimbursement of expenses for transportation of employees and expenses for professional training, retraining and advanced training of personnel



BENEFITS FOR INVESTORS

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

- a reduction in the profit tax rate (regional part) to 13.5%
- a reduction in the property tax rate to 0%



BENEFITS FOR CORPORATE PROPERTY

Regional Law of Leningrad region No. 98-oz dated 25 November 2003

- a reduction in the property tax rate to 0%



BENEFITS FOR INDUSTRIAL PARKS

Regional Law of Leningrad region No. 52-oz dated 28 July 2014

- tax benefits are granted to management companies of industrial parks in Leningrad region

FRONT OFFICE FOR INVESTOR RELATIONS OF THE ADMINISTRATION OF LENINGRAD REGION

To ensure maximum support of the business and provide assistance to investors in the region, the Front Office for Investor Relations of the Administration of Leningrad Region was established under the auspices of Economic Development Agency of Leningrad Region.

AREAS OF ACTIVITY



Support of investment projects based on the “one-stop-shop” principle



Promotion of investment opportunities and projects in Russia and abroad, including through conferences, exhibitions, forums and other communication events



Maintenance and promotion of the investment portal of Leningrad region on the Internet

GOAL



To improve the investment attractiveness and create favorable conditions for implementing investment projects in Leningrad region

INVESTOR RELATIONS PATTERN



2 days

Application for project support



5 days

Consideration of the application for project support



5 days

Making a decision to support the project



5 days

Agreement on project support



∞

Project support

**INVESTMENT PROJECTS IMPLEMENTED
IN LENINGRAD REGION IN ACCORDANCE
WITH THE “ONE-STOP-SHOP” PRINCIPLE
ARE SUPPORTED FREE OF CHARGE**

PROJECT SUPPORT

The following types of support are available for investment projects implemented in Leningrad region:



Information and advisory assistance for the investor

The investor is provided with information about:

- federal and regional support measures
- tariff and tax rates, population
- the list of industrial sites
- the procedure for obtaining technical specifications and entering into contracts for utility connection
- the talent pool
- the extent to which the engineering, transport and social infrastructure is developed in certain territories
- the list of documents required to implement a project, the timing, procedure and place of obtaining approvals and permits
- other information related to implementation of investment projects in Leningrad region



Selection of the investment site

Made at the investor's request on the basis of the data provided in the application for support, including:

- information about the investment site is provided to the investor in the form of a Passport of the investment site (sites) within 3 working days
- in the absence of investment sites meeting all criteria stated in the application, the investor is provided with the Passport of the investment site (sites) most closely meeting the declared criteria
- after the investor has considered investment site options, the Front Office will agree the investor's visits to the relevant sites with their owners/tenants so that the investor could make the final decision



Support during the procedure of connecting to the engineering and transport infrastructure

Provided by means of analyzing the reasonableness of fees (tariffs, payments) at the investor's request, including:

- the reasonableness of fees (tariffs, payments) related to engineering and transport support of the investment site is analyzed if the corresponding fee (tariff, payment) is regulated by the Government of Leningrad region

HUMAN RESOURCES

Leningrad region has some spare workforce that may be employed by existing enterprises, as well as newly planned facilities representing various sectors, including the automobile industry. Adequate staffing is one the most important factors ensuring efficient operation of automotive companies.

SPECIALIZED EDUCATIONAL INSTITUTIONS THAT TRAIN HIGHLY QUALIFIED PERSONNEL FOR THE AUTOMOTIVE CLUSTER OF LENINGRAD REGION:

- Aleksandrovsky Polytechnic College in Vyborg
- Priozersk Polytechnic College
- Kingisepp College of Technology and Service
- Tikhvin Technical School of Industry and Technology named after E. I. Lebedev
- Podporozhye Polytechnic School
- Slantsy Industrial Technical School
- Kirishi Polytechnic School
- Kirovsk Polytechnic School
- Volkhov Aluminium College
- Lodeynoye Pole Technical School of Industrial Technology
- State Institute of Economics, Finance, Law, and Technology
- Sosnovy Bor Polytechnic College

For the purpose of vocational guidance of young people and attracting them to work at regional enterprises, including those related to the automotive industry, the Employment Service annually holds **career and education fairs** together with higher education and secondary vocational education institutions.



2,071 people

number of people employed in the Cluster in 2016



58,887 rubles

average salary in automotive industry in 2016



SWOT ANALYSIS

STRENGTHS

- A system of government support measures and investment infrastructure is in place
- Presence of major automakers in Leningrad region and Saint Petersburg: Nissan, Ford, Hyundai, MAN, etc.
- 14 industrial parks providing over 6,000 ha of ready land plots
- Availability of a skilled workforce
- Strong regional educational base (proximity of research institutes, universities and technical institutions)
- Availability of additional available production capacities at plants
- Advantageous geographical location with access to key markets
- Developed transport infrastructure with high reserve capacity (seaport, highways, air routes and railway lines)

OPPORTUNITIES

- Investments from foreign suppliers in regional and local businesses, as well as joint ventures
- Technological modernisation of production capacities
- Development of an engineering services sector along with the region's innovation and industrial potential
- Development of cooperation between component manufacturers and assembly plants in regards to engineering solutions

WEAKNESSES

- Lack of a regional communication platform to support business development
- Low awareness of the part of component manufacturers about automaker requirements
- Absence of a high quality engineering services sector
- Lack of companies with ISO/TS 16949 certification
- Insufficient interaction and communication between enterprises in the Cluster

THREATS

- Potential market losses due to outdated technology and competitive weaknesses
- Market fluctuations and negative financial implications of the economic crisis and sanctions imposed by foreign countries
- Competition from other Russian regions (Kaluga, Nizhny Novgorod, Samara, Tatarstan, etc.)
- Relocation of car and components production to regions and countries with lower costs (China, India, etc.)



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

Economic Development Agency of Leningrad Region

“One-stop-shop” for investment projects support

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