



Investment potential of the Republic of Karelia

Igor Titov

**Deputy Minister of Economic Development and
Industry of the Republic of Karelia**



Karelia – a unique region with beautiful nature



**Republic of Karelia is a part of the North-West federal district of the Russian Federation.
Length of land border between Russia and Finland – more than 700 kilometres.**

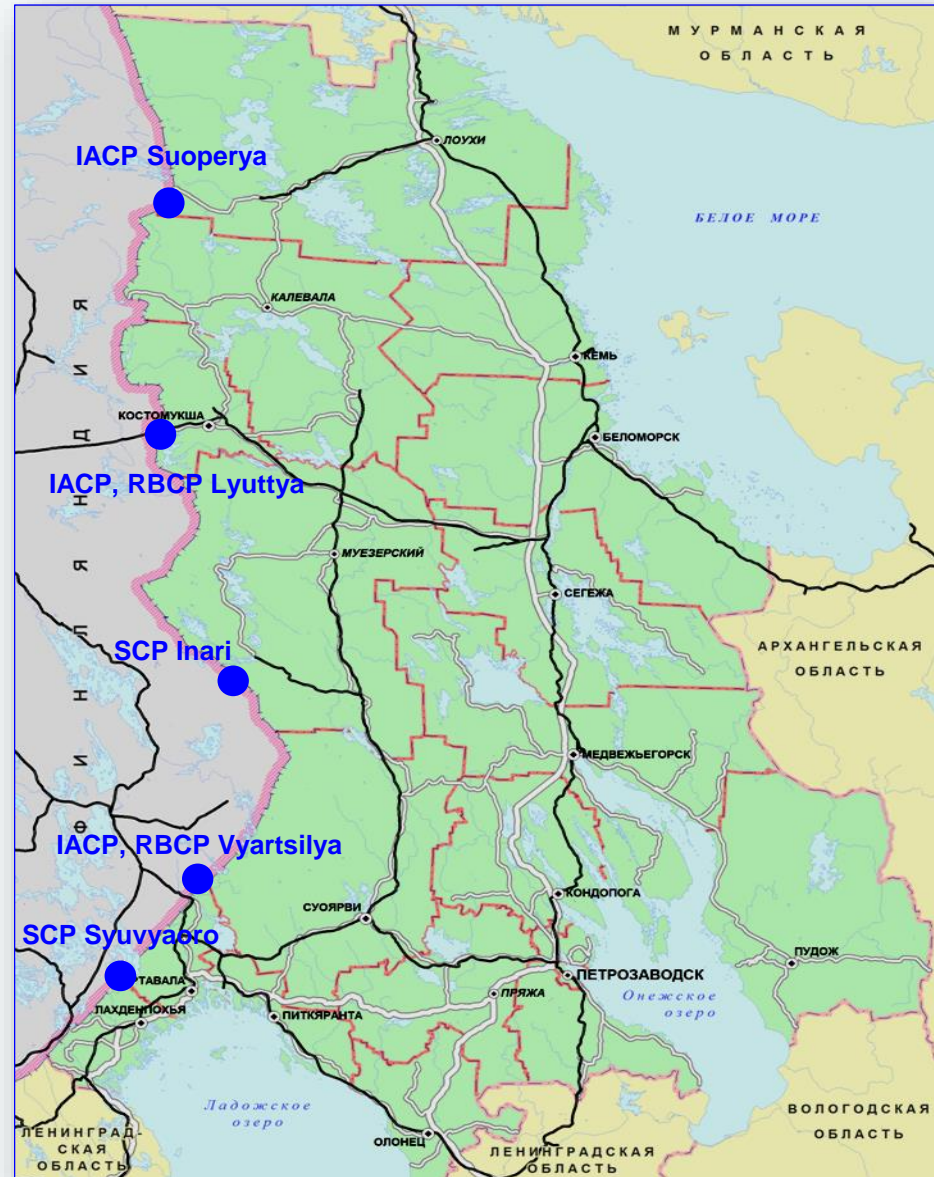


- **Territory - 180,500 km²**
- **Resident population – 637 000**
- **Average population density – 3,5/km²**
- **Number of people employed in the sphere of economics – 307 000**
- **127 municipal entities, including two city districts**
- **Capital – city of Petrozavodsk**

International border crossing points in the Republic of Karelia

5 functional border
crossing points:

- Inari,
- Syuvyaoro,
- Vyartsilya-Niirala,
- Lyuttya-Vartius,
- Suoperya-Kuusamo



Transportation corridors

The Republic of Karelia is situated at the intersection of active and projected transportation corridors



Northern Sea Route



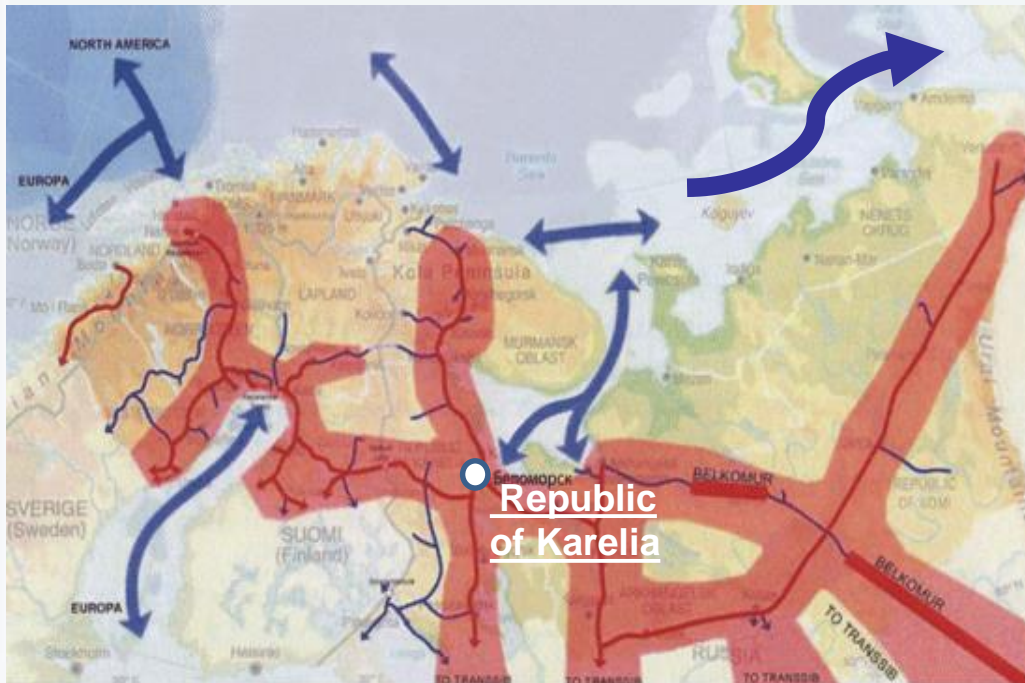
White Sea – Baltic Sea Canal



Federal road M18 "Saint Petersburg - Murmansk"



Railroad "North - South", "Saint Petersburg – Murmansk"



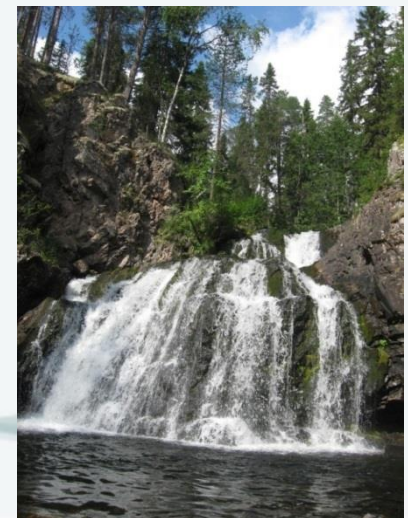
Republic of Karelia



Euro-Arctic railroad "Barents Link"

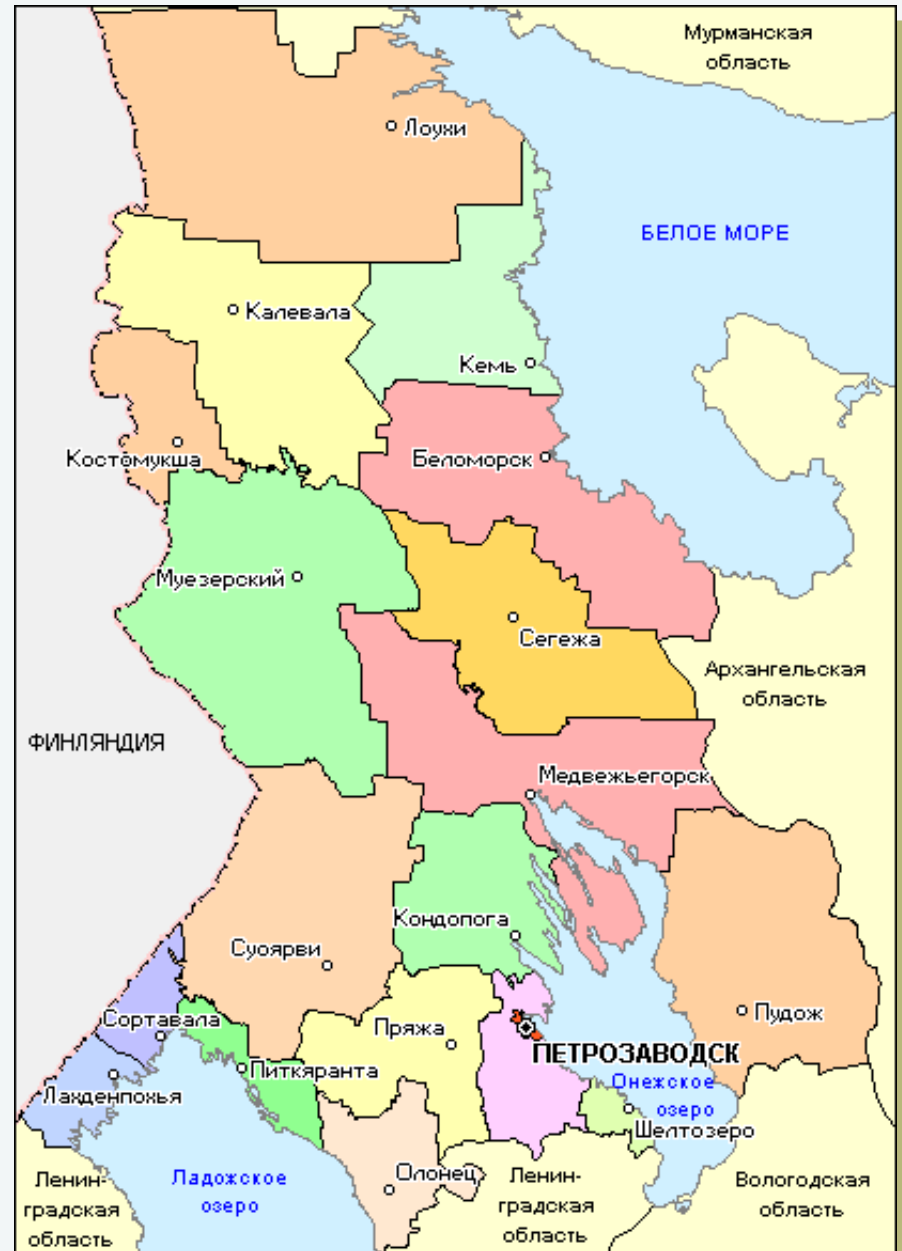
Tourist and recreation potential

- There are more than 4000 cultural, historical and natural monuments in Karelia
- Among them – unique architectural, cultural and historical items on Kizhi, Valaam and Solovetsky islands
- Petroglyphs are ancient rock engravings that remained intact in the Republic of Karelia up to the present moment, having more than 5000 years of history
- The first Russian resort and health facility Martsialniye Vody, established 280 years ago by Peter the First, is 50 kilometres away from Petrozavodsk



Strengths of the Republic of Karelia

- ❑ Advantageous geographical position, the longest border with the European Union
- ❑ Transit railway and automobile transportation connections, international automobile border-crossing points, border infrastructure
- ❑ Minimal transportation expenditures of exporting enterprises due to proximity to the external border



Strengths of the Republic of Karelia

- Availability of White Sea – Baltic Sea Canal and important traffic arteries that connect industrially developed regions of the country with the Murmansk Port and arising Northern Sea Route



- Mineral and raw material resources

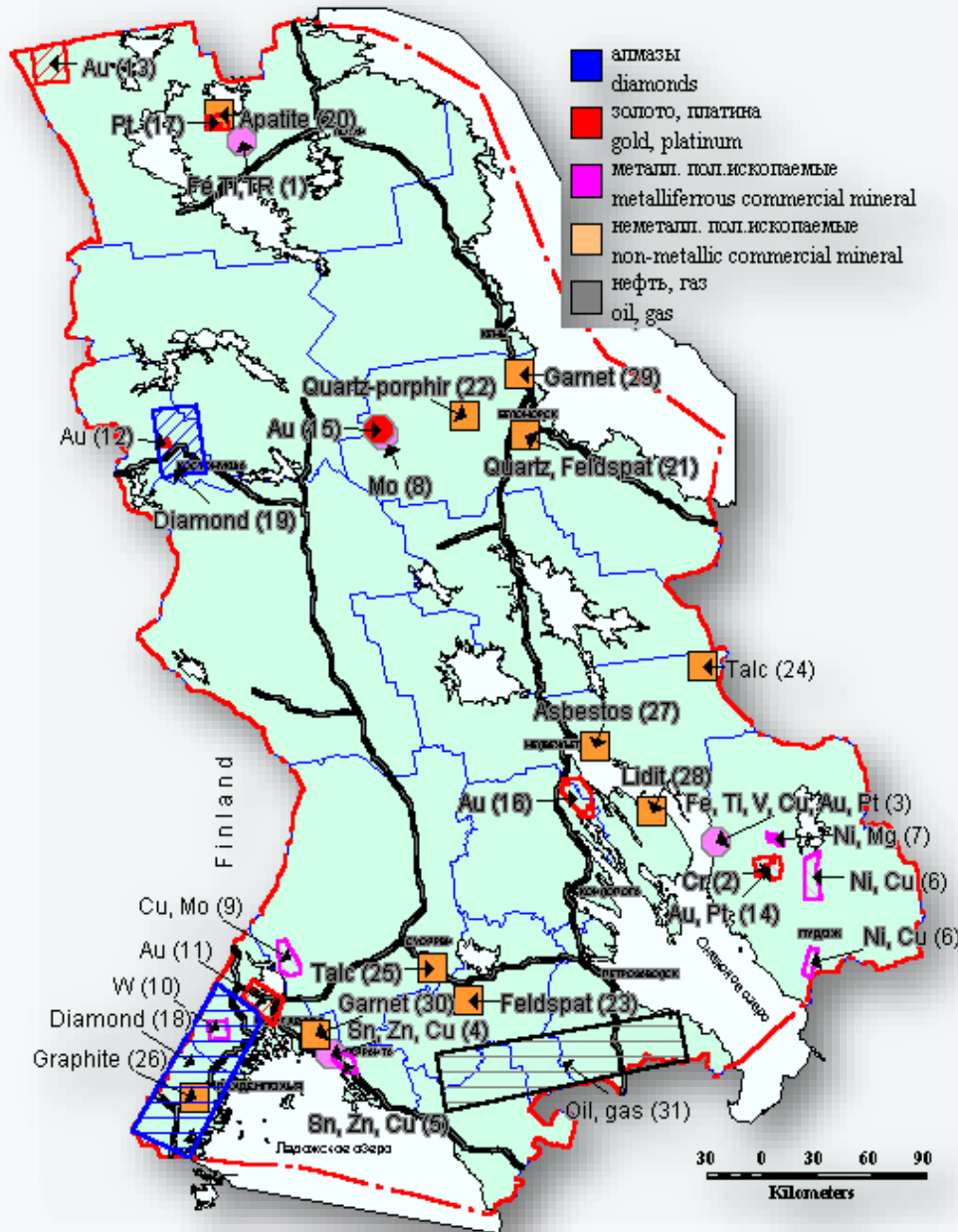


Mineral and Raw Resources

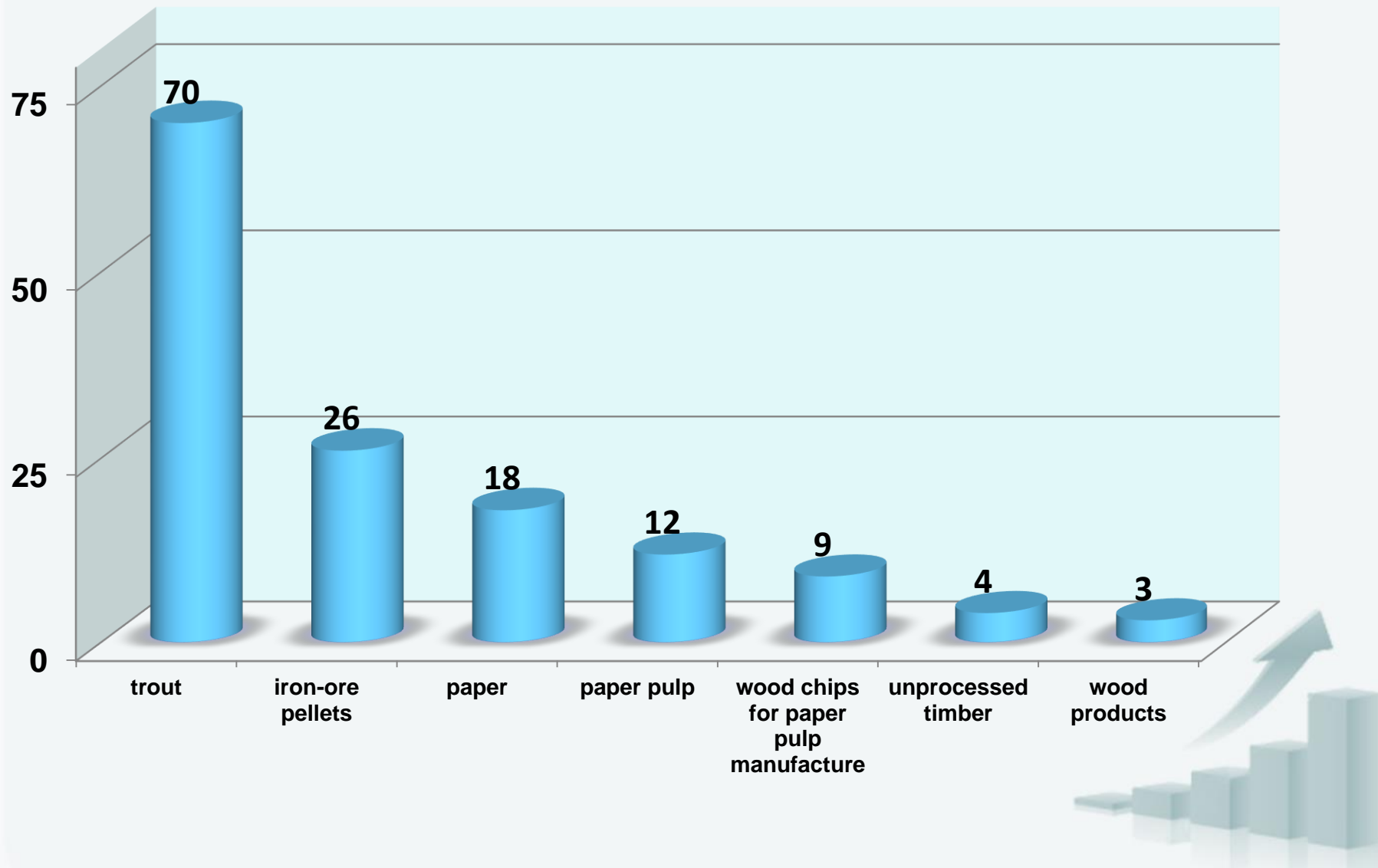
Karelian resources include:

- 238 explored fields,
- 25 kinds of solid commercial minerals,
- 378 peat fields,
- 11 fields of underground water for technical and drinking use
- 2 mineral water fields,
- 10 officially recognised and over 30 registered geological monuments

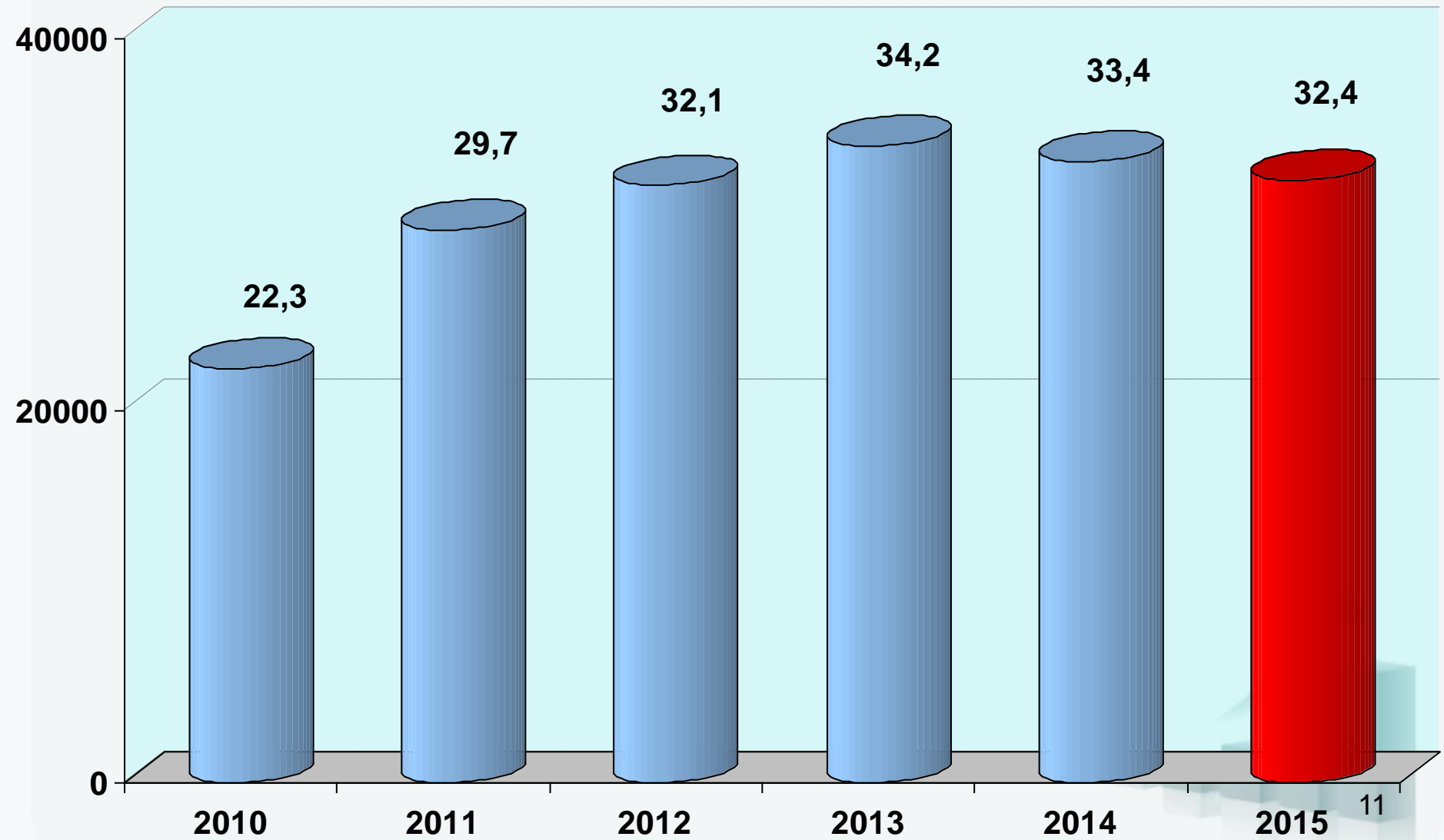
Main minerals: Iron ore, titanium, vanadium, molybdenum, noble metals, diamonds, mica, construction materials (granites, diabases, marbles), ceramic minerals (pegmatite, spar) apatite-carbonate ores, alkaline amphibole asbestos.



Karelian enterprises share in the Russian Federation production volume



Capital Investment, billion rubles



Main Investment projects implemented in the Republic of Karelia in 2013-2015

First stage of the “**DOK “Kalevala”**” oriented strand board (OSB) production plant is put into operation in Petrozavodsk. 230 new jobs established. **8 billion rubles of investment.**



New line for production of paper bags put into operation at the JSC “**Segezha Packaging**”, which let increase the enterprise’s production volume up to 540 million bags per year. **800 million rubles of investment.**



Ground stone quarry put into operation by JSC “**Sunskyi Quarry**” in Kondopoga district. 60 new jobs established. **540 million rubles of investment.**



Main Investment projects implemented in the Republic of Karelia in 2013-2015

Within the Investment Programme of the JSC “**Prionezhskaya Network Company**” the project for “Reconstruction of SS-71 in Petrozavodsk” with capacity of 80 megawatt is implemented. Total cost of the project is **708 million rubles**.

Within the project for “**Reconstruction and Construction of Small Hydro Power Plants in the Republic of Karelia**” being implemented by the JSC “Nord Hydro”, SHPP “Kalliokoski” with capacity of 975 kilowatt and SHPP “Ryummyakoski” with capacity of 630 kilowatt are put into operation in the Sortavala district. Total volume of investment – over **580 million rubles**.

Incubation and breeding complex for alevin with capacity of 100 million units per year put into operation in Soskua settlement of the Lahdenpohja district. Investor – CJSC “Virta”. 40 new jobs established. **378,7 million rubles** of investment.



Main Investment projects implemented in the Republic of Karelia in 2013-2015

Construction of **dairy production farm** for 400 animal units with the dairy block completed in Ladva settlement of the Prionezhskiy municipal district (“Mayak” Llc).

Investment – 187 million rubles.



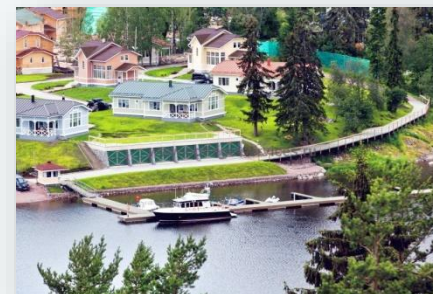
New **hotel Park Inn by Radisson** put into operation in Petrozavodsk by Llc “Concern Piter”.

217 new jobs established. **Investment – over 1,8 billion rubles.**



New **hotel complex “Ladozhskaya Usadba”** open in Sortavala district”. 100 new jobs established.

Investment – around 1 billion rubles.



Measures of governmental support for investment activities in the Republic of Karelia

- provision of the tax benefits for the regional taxes;
- provision of the benefits for the investors that imply lower tax rate for that part of the organization's income, that is paid to the budget of the Republic of Karelia;
- provision of the state guarantee of the Republic of Karelia (on a competitive basis) for investment projects ;
- provision of the investment grants from the budget of the Republic of Karelia for partial compensation of the interest payment for the credits, needed to finance investment projects;
- provision of the investment tax credit;
- provision of favorable conditions for the land enjoyment or the enjoyment of other real estate;
- provision of an investment grant from the budget of the Republic of Karelia for partial compensation of the expenses connected to the performance of cadastral works

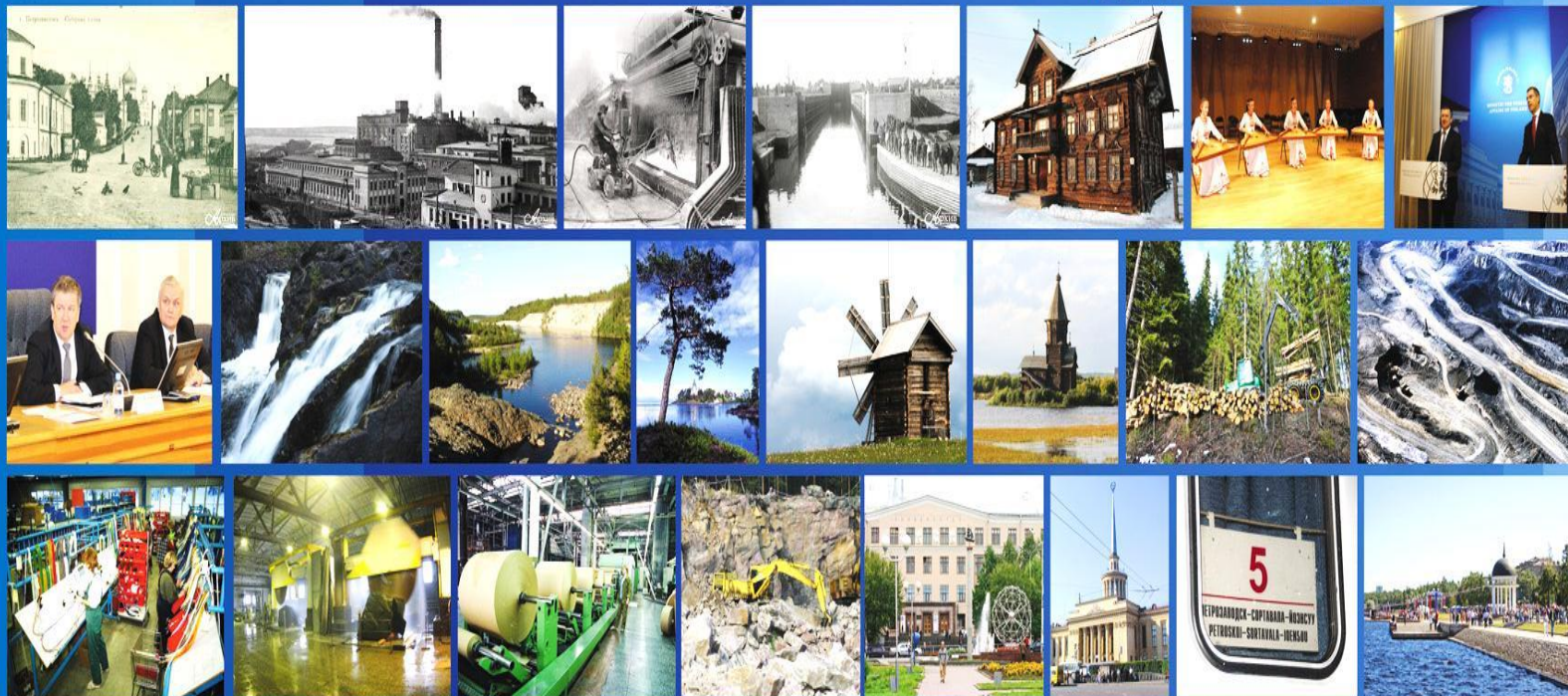
Relevant forms of regional level support of investment projects	
Form of state support	Value
Corporate property tax rate	0%
Lowered corporate property tax rate (into regional budget)	13.5%
Land plot rental payment	0.01%
Land plots rental with no tendering process	For: <ol style="list-style-type: none"> 1. Large-scale investment projects: <ul style="list-style-type: none"> - volume of investments – at least 500 mln. rubles 2. Projects in the sphere of tourism etc.: <ul style="list-style-type: none"> - volume of investments – at least 20 mln. rubles 3. Agroindustrial sector projects: <ul style="list-style-type: none"> - volume of investments – at least 200 mln. rubles 4. Projects of engineering complex and airport systems: <ul style="list-style-type: none"> - volume of investments – at least 30 mln. rubles



ВЕКОВОЙ ЮБИЛЕЙ В СТАТУСЕ РЕСПУБЛИКИ КАРЕЛИЯ ОТМЕТИТ В 2020 ГОДУ

Предложение о праздновании столетия образования Республики Карелия поддержано Президентом Российской Федерации В.В. Путиным.

К юбилею в 2020 году в Карелии планируется реализовать целый ряд проектов в приоритетных направлениях экономики. Среди них – строительство и реконструкция пунктов пропуска через госграницу, открытие новых социально-культурных объектов, освоение уникального Пудожского месторождения титаномагнетитовых руд.



The Federal Target Programme “Development of the Republic of Karelia till 2020”

**135 billion rubles in 5 years
2016-2020**

New projects within Federal Target Programme



– предприятия по глубокой переработке древесины (пиломатериалы)



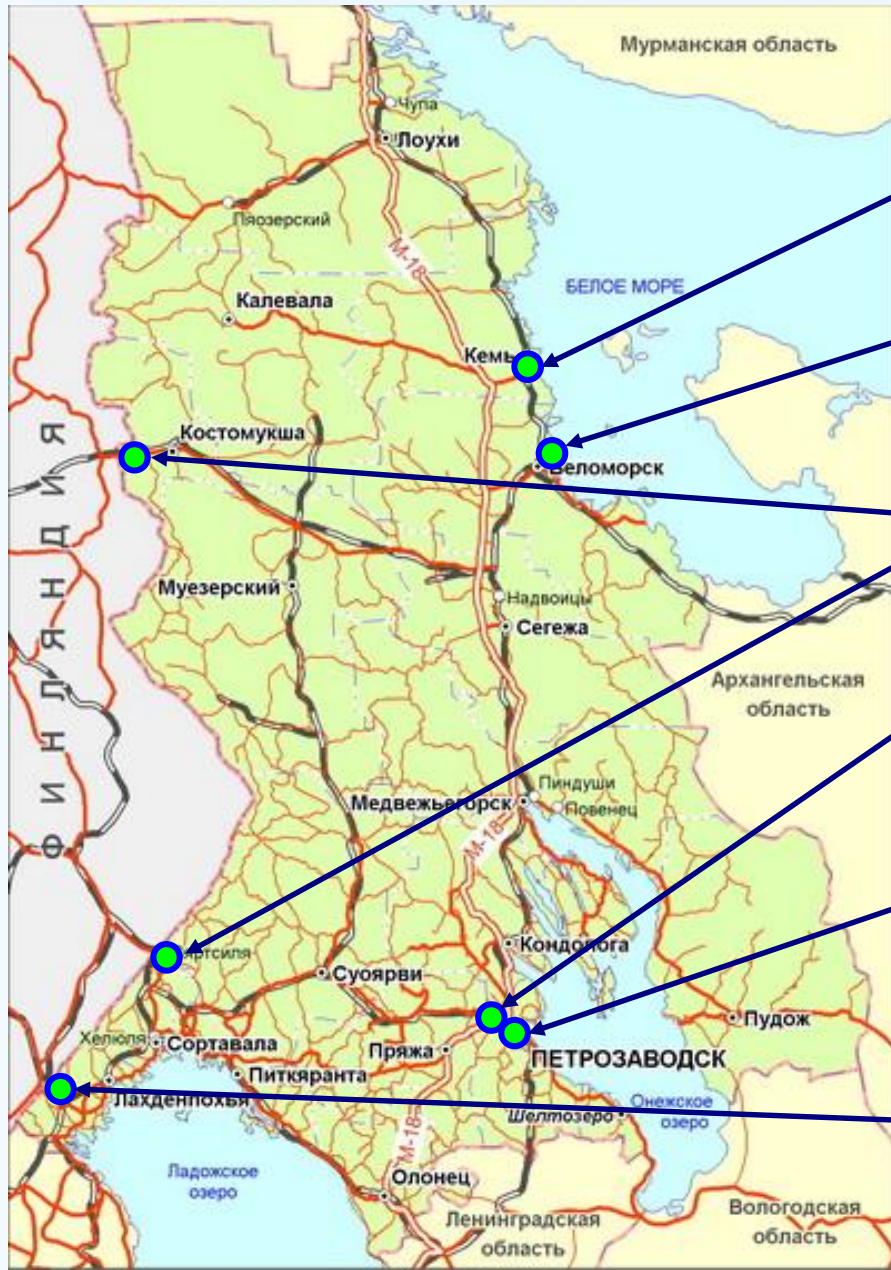
– целлюлозно-бумажная промышленность (завод по производству белой термомеханической массы под Петрозаводском)



– несколько новых горнодобывающих карьеров

РОС

Projects for development of transport and border infrastructure



Construction of a new sea port in the city of Kem

Construction of a new sea commercial port in the city of Belomorsk

Reconstruction of railway border crossing points “Lyuttya” and “Vyartsilya”

Reconstruction of engineer works at the “Besovets” airport complex

Reconstruction of the Railway station in the city of Petrozavodsk

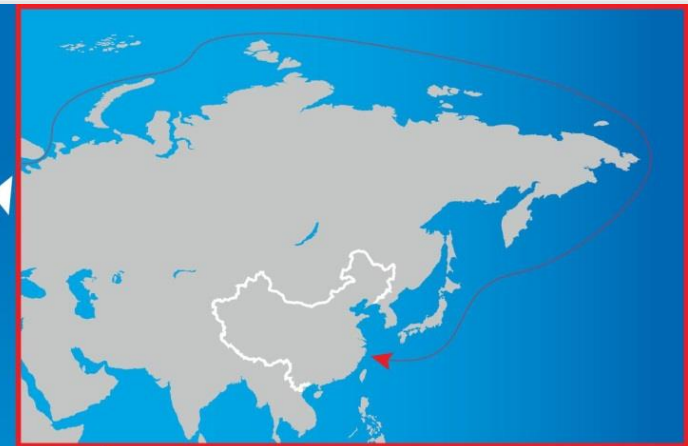
Construction of the international automobile border crossing point “Syuvyaoro”



PORT of KEM

Karelia, Russia

- Port of KEM is situated in Western Russia where over 70% of Russia's population is located
- Port of KEM is located on the west coast of the White Sea and linked to the Northern Sea Route
- Port of KEM has direct connections to the Murmansk-St.Petersburg railroad and highway, the White Sea-Baltic Canal, the Volga-Baltic Waterway and the Volga-Don Canal
- Planned depth of anchorage 16m to 25 m
- Estimated capacity of the Port is up to 20 million tons



The Northern Sea Route

the shortest sea route linking Northwest Russia and East Asia



USA & other North and South American countries



African countries

European countries



In the Federal Target Programme “Development of the Republic of Karelia till 2020” establishing of 4 industrial sites is planned

Budget financing - 2904,1 million rubles.

Extra-budget financing - 8640 million rubles.

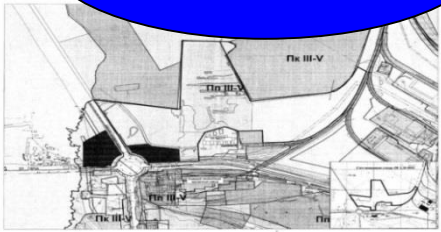
We plan to establish investment areas which will be provided with necessary engineering infrastructure and energy sources for development of industrial production sites.



Petrozavodsk



Kondopoga



Kostamuksha

Vyartsilya

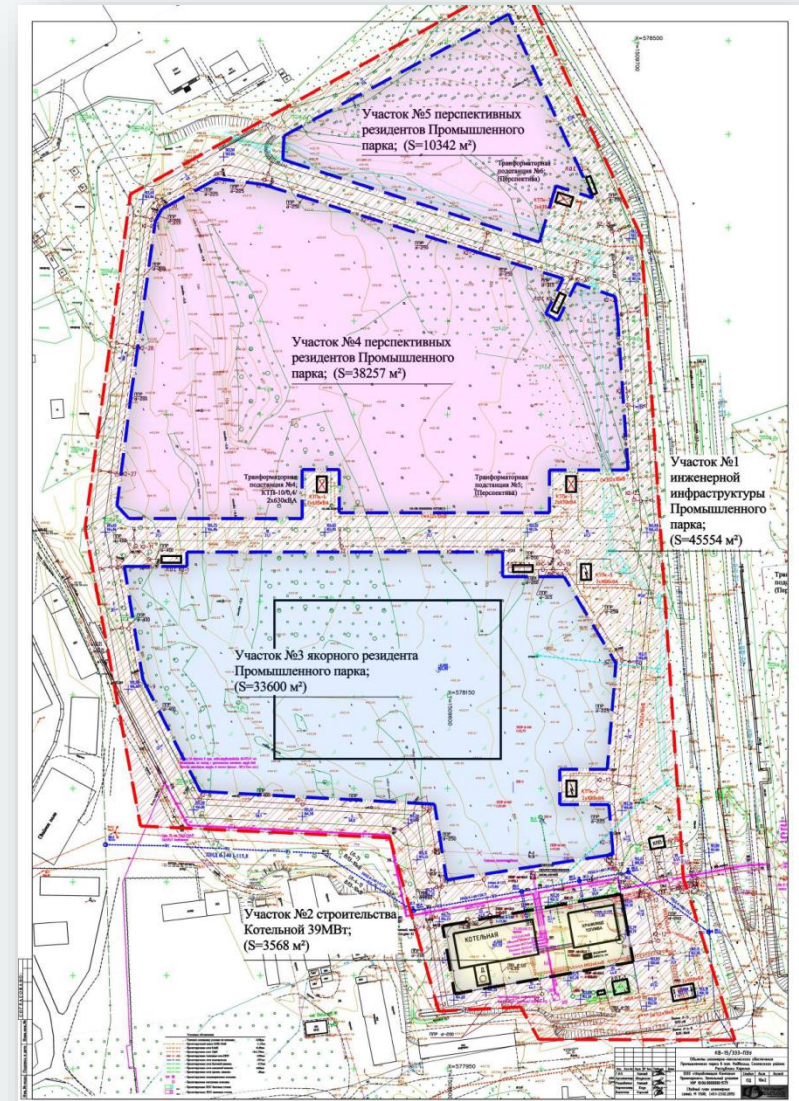


Establishing of the Industrial Park in the Republic of Karelia in Nadvoitsy

Project for infrastructure construction
of the Industrial park.

Ready time – December 2016

Cost – 271 million rubles.



Priority social and economic development areas (PDA)

Part of the area of a subject of the Russian Federation, where according to a decision by the Government of the Russian Federation, a special legislation regime for implementation of entrepreneurship or other activities is established in order to provide favourable conditions to attract investment, ensure accelerated social and economic development and create comfortable conditions for life and activities of the population.

There are 319 monoprofile cities in the Russian Federation, 11 of them are in the Republic of Karelia



Priority social and economic development area “Nadvoitsy”



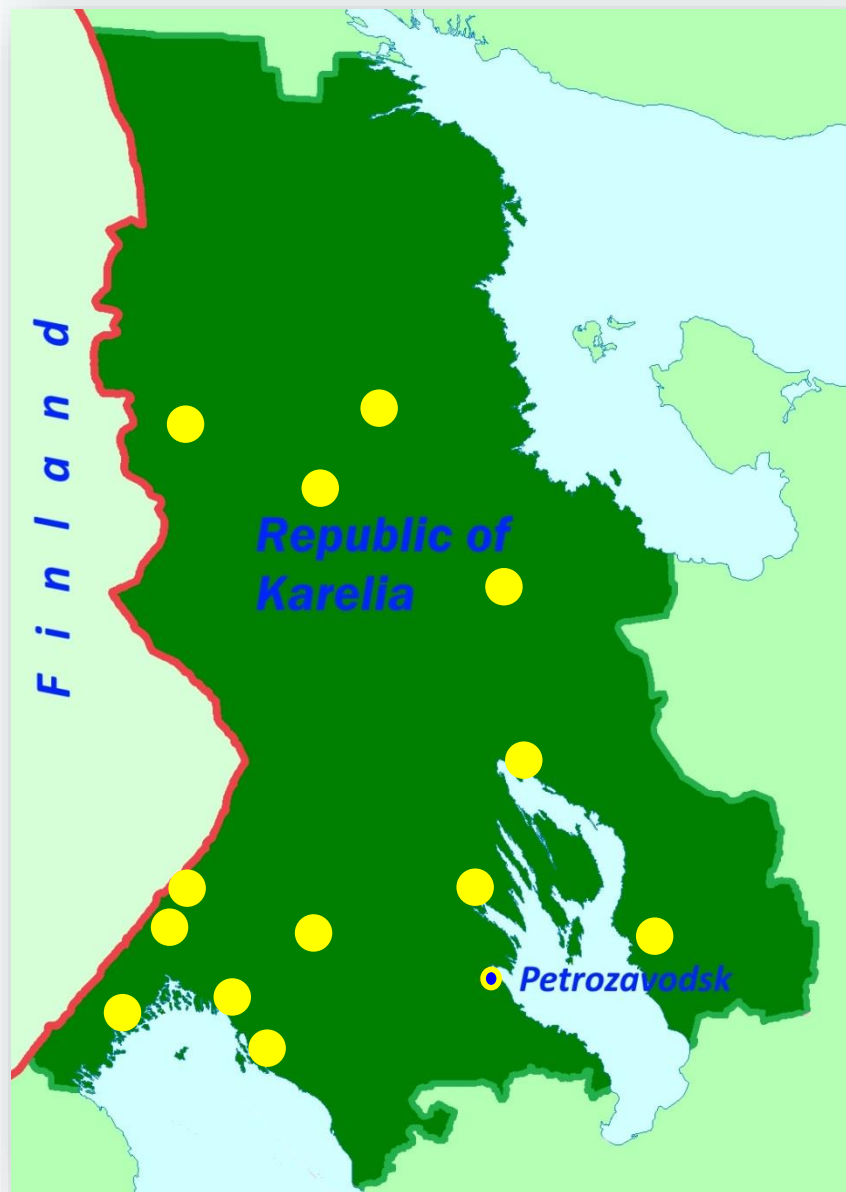
OKVED:

- ✓ Production of textile products.
- ✓ Production of other non-metal mineral products.
- ✓ Production of ready metal products, except machines and equipment.
- ✓ Activities for provision of temporary housing.
- ✓ Activities for provision of food and drinks.
- ✓ And others.

Special legislation regime for entrepreneurship activities		
Tax	PDA	No PDA
Profit tax, including	5%	20%
Russian Federation	0%	2%
Republic of Karelia	5%	18%
Land tax (municipal formation)	0%	Average 1,5%
Corporate property tax (Republic of Karelia)	0%	2,2%
Insurance fees to the state non-budget funds (Russian Federation), including:	7,6%	30%
Pension Fund	6%	22%
Social Insurance fund	1,5%	2,9%
Obligatory medical insurance fund	0,1%	5,1%



Priority social and economic development areas in monoprofile municipal formations of the Republic of Karelia



In February 2016 applications to establish priority social and economic development areas in the following areas were submitted:

Nadvoitsy city settlement (application approved)

Kondopoga city settlement

Pitkyaranta city settlement

Pudozh city settlement

Suoyärvi city settlement

In 2017-2018 we plan to apply to the Ministry of Economic development of the Russian Federation to establish priority social and economic development areas in the following areas:

Muezerskiy city settlement

Vyartsilya city settlement

Pindushi city settlement

Kostomuksha city district

Lahdenpohja city settlement

Segezha city settlement



Residents of the Industrial Park “Nadvoitsy”

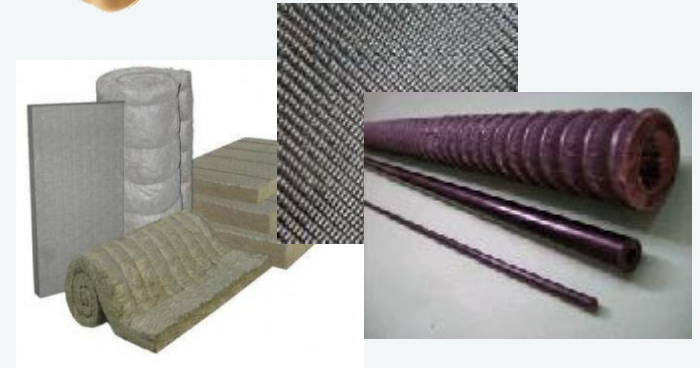
Residents	Volume of Investment, million rubles	Number of new jobs, units
“Penostek Nord” Llc Construction of a plant for production of kits for low-rise construction with use of PENOSTEKT TM technology	1 024	170
“Bioebergo” Llc Production of peat brickets, 15 thousand per year	223	25
TOTAL group of companies (“Karellegprom” Llc) Establishing of textile production	718	59

Priority investment areas of the region

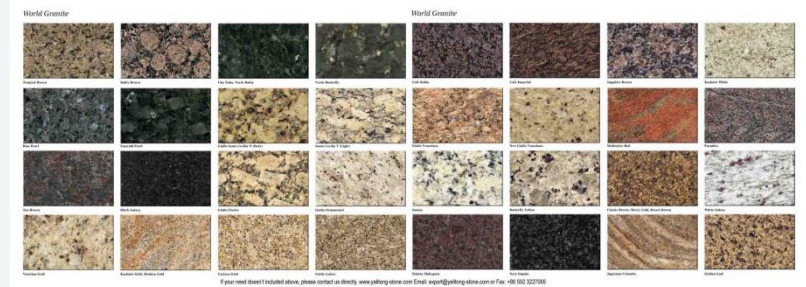
Development of unexpanded minerals fields: quartz, shungite, garnets, mica and their processing



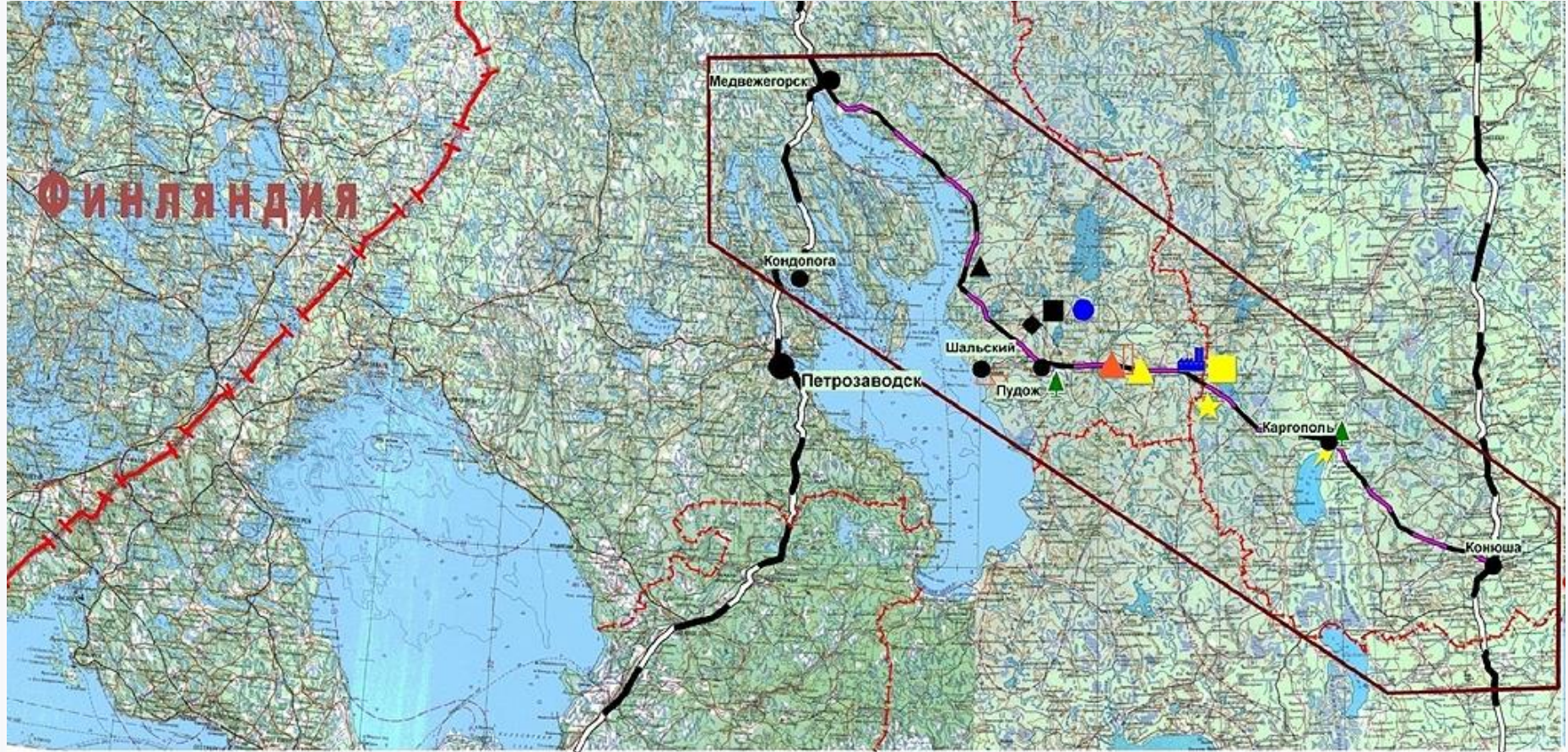
Establishing of production of construction materials on basalt basis (basalt fiber)



Establishing of an enterprise for production of finishing materials of block stone (granite, marble, basalt, quartz)



Large Scale Project “Pudozh Mining and Forestry District”



	Pudozhgor'skiy mining and processing plant		Angozerskiy mining and processing plant		Shalozerskiy mining and processing plant
	Aganzerskiy mining and chemical plant		Pudozh metallurgical plant of ferrous alloys		Pudozh metalware plant
	Pudozh non-ferrous metal plant		Pudozh plant of metallic titanium and magnesium		Pudozh precious metals refinery
	Pudozh paint plant		Pudozh and Kargopol forest industry complex		Klimovskiy concrete plant
	Construction of electro power station (1 mln kWt/h, probably nuclear power plant)				

Priority investment areas of the region

Construction of production sites with new technologies for wood processing, including hardwood. Production of glued constructions, wooden houses construction, furniture production.



Priority investment areas of the region

Development of hydro energy, alternative energy sources, use of local fuels for energy (peat, wood chips, etc.)



Priority investment areas of the region



Construction of fish processing facilities, production of fish food and seeding.

Use of bio-resources of the White sea: breeding and processing of mussels, harvesting and processing of algae and production on its basis.



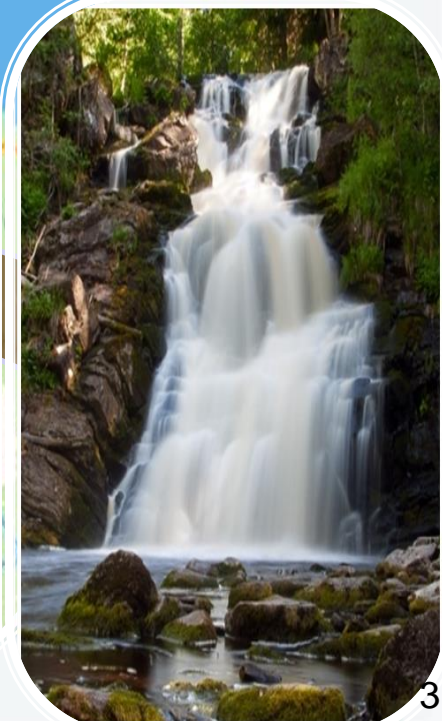
Development of poultry



Tourist cluster “South Karelia”



10 tourist activities centres connected in a common network of routes and projects





www.kareliainvest.ru

This electronic resource combines all necessary information for investment activities in the Republic of Karelia.



THANK YOU!

Valaam island



Igor Titov
**Deputy Minister of Economic
Development and Industry of the
Republic of Karelia**
titov@economy.onego.ru

Kizhi



Solovetskiy archipelago

