



# Investment potential of the Pskov region

Administration of the Pskov region  
September 2013



**The Administration of the Pskov region  
offers you to consider the opportunity  
to set up production of your company  
in the territory of the region.**

Administration of the Pskov region



# Favorable geographic location



# Developed infrastructure

- Program on development of investment activity infrastructure (5.4 bln RUR)
- Program on modernization of heat power facilities of the region (5.7 bln RUR)
- Program on reconstruction of existing networks and substations and construction of new facilities (6.2 bln RUR)
- Project on integrated reconstruction of Pskov Airport.
- Reconstruction of the main regional roads. Construction of a northern bypass road around Pskov.



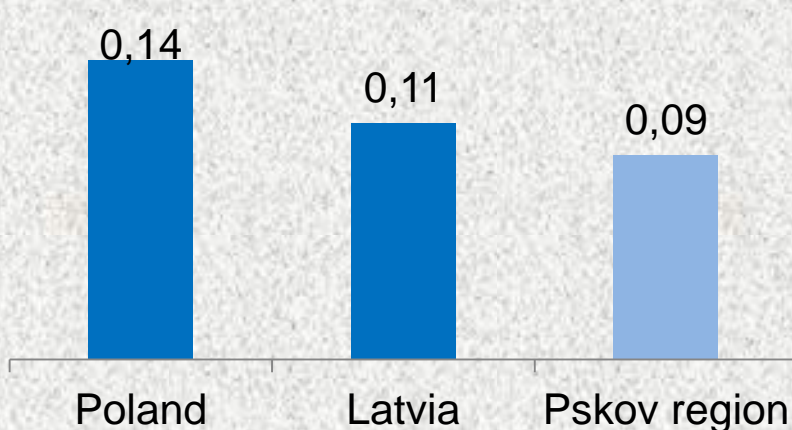
Prerequisites for cooperation



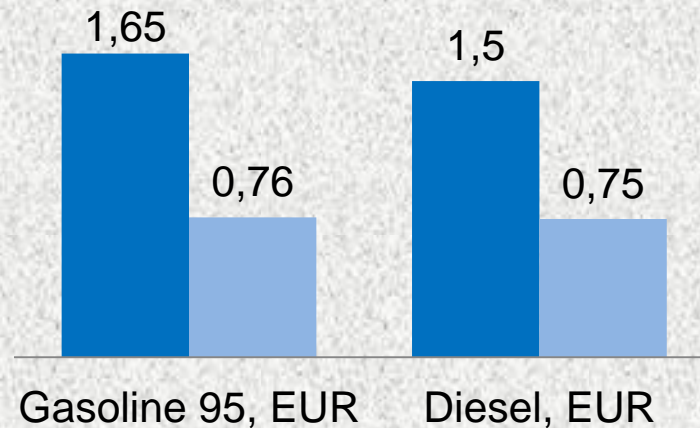
# Affordable infrastructure

Prices and tariffs for natural gas, power, water supply and disposal

Cost of power, EUR/kWh



Cost of gasoline, EUR/l



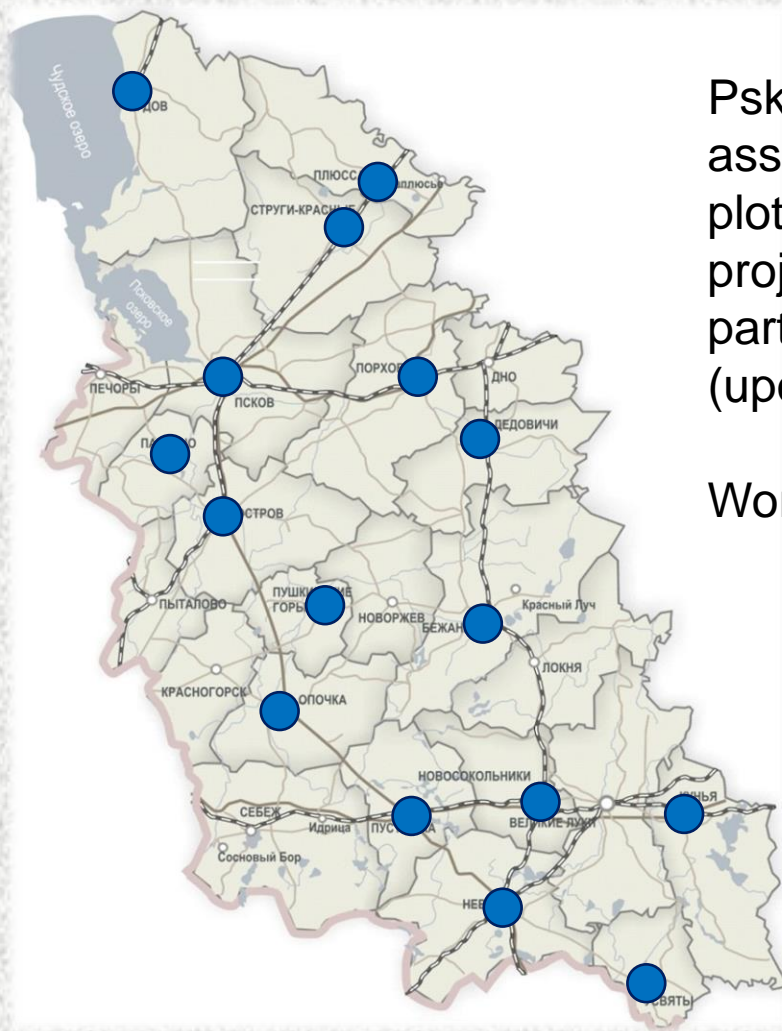
Average maximal cost of gas, EUR/1000 m <sup>3</sup> , net of VAT		Average tariff for water supply and disposal, EUR/m <sup>3</sup>	
Agriculture	Industry	Agriculture	Industry
104,48	104,48	0,47	0,47

- European countries
- Pskov region



Prerequisites for cooperation

# Availability of sites



Pskov Region Development Agency provides assistance in search and allocation of land plots for implementation of investment projects. Assistance in search for potential partners, availability of unfinished buildings (upon request).

Works on the site start in 6-8 months.

Prerequisites for cooperation



# Raw materials base



Significant peat reserves  
329 deposits (reserves of 563.5 mln ton)  
101 deposits are ready for extraction  
(reserves of 100 mln ton)  
292 deposits to be developed in future  
(reserves of 181.8 mln ton)

Deposits of non-metallic mineral resources:

Limy earth (reserves of 27 mln m<sup>3</sup>)

Low-melting clay (reserves of 35 mln m<sup>3</sup>)

Sand and gravel materials (reserves of 107.2 mln m<sup>3</sup>)



Forest reserves – 2.4 mln ha.  
Rated wood cutting – 5.7 mln m<sup>3</sup>,  
including coniferous trees – 1.7 m<sup>3</sup>



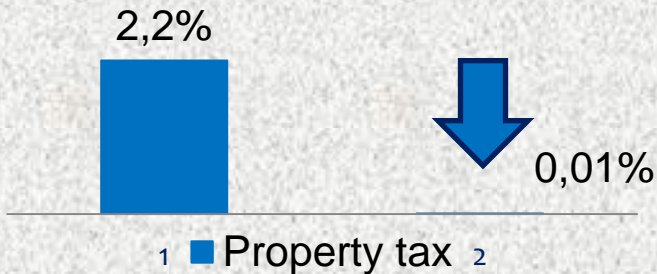
Prerequisites for cooperation

# Favorable investment climate

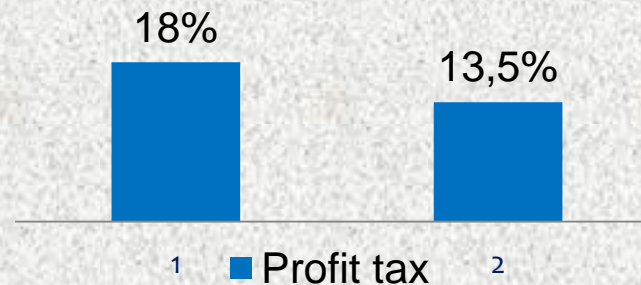
- Individual support of investors at all stages of project implementation
- Special support measures in strategic sectors (tax privileges, subsidies)
- Prompt search for land lots
- Support of SMEs

Tax privileges are provided for 5 years

Tax privileges on property tax



Tax privileges on profit tax



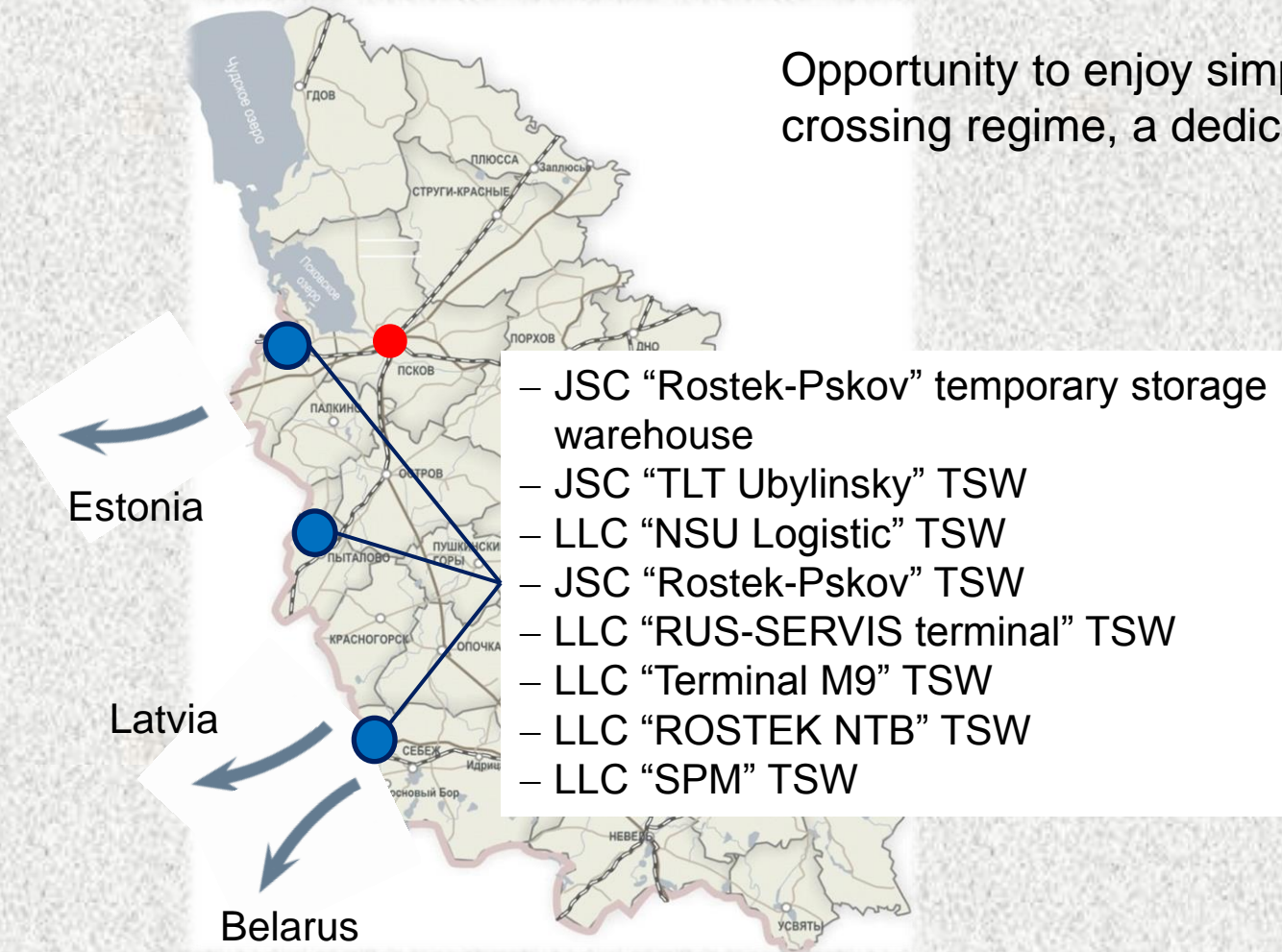
Prerequisites for cooperation





# Customs infrastructure

Opportunity to enjoy simplified border-crossing regime, a dedicated lane



Prerequisites for cooperation

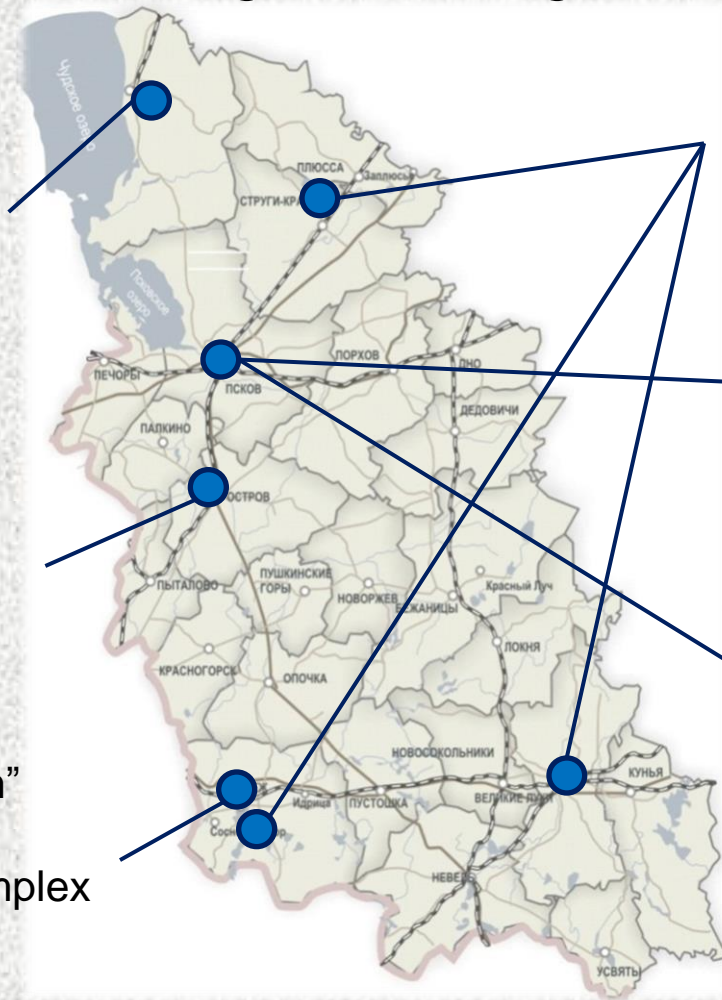


# Experience in working with foreign investors

LLC "Dobruchi 2"  
Trigon Agri:  
Ukraine, Russia and  
Estonia  
Dairy farm  
31.25 mln EUR

LLC "Idavang"  
Denmark  
Animal breeding  
4.5 mln EUR

LLC "RosBioProm"  
Sweden  
Wood processing complex  
60 mln EUR



"Tetra Electric" Group  
Denmark  
Utilities  
8 mln EUR

LLC "TANN Nevsky"  
Austria  
Paper production  
25 mln EUR

LLC "Dula RU"  
Germany  
Furniture production  
5.7 mln EUR

Prerequisites for cooperation





# Industrial production Special economic zone MOGLINO

Moglino SEZ PPT  
Pskov region, Russia

# Mogolino SEZ general information



Established on: July 19, 2012

Duration: 49 years

Area: 215 ha

Distance to Pskov: 8 km

Management: OAO «SEZ PPT «Mogolino»

# Mogliano SEZ logistics

- Roads:
  - M9 Moscow – Latvian border (Baltia)
  - M10 Moscow – Saint-Petersburg
  - M20 Saint-Petersburg – Odessa

- Railroads:
  - Moscow, Saint-Petersburg, Vilnius, Riga

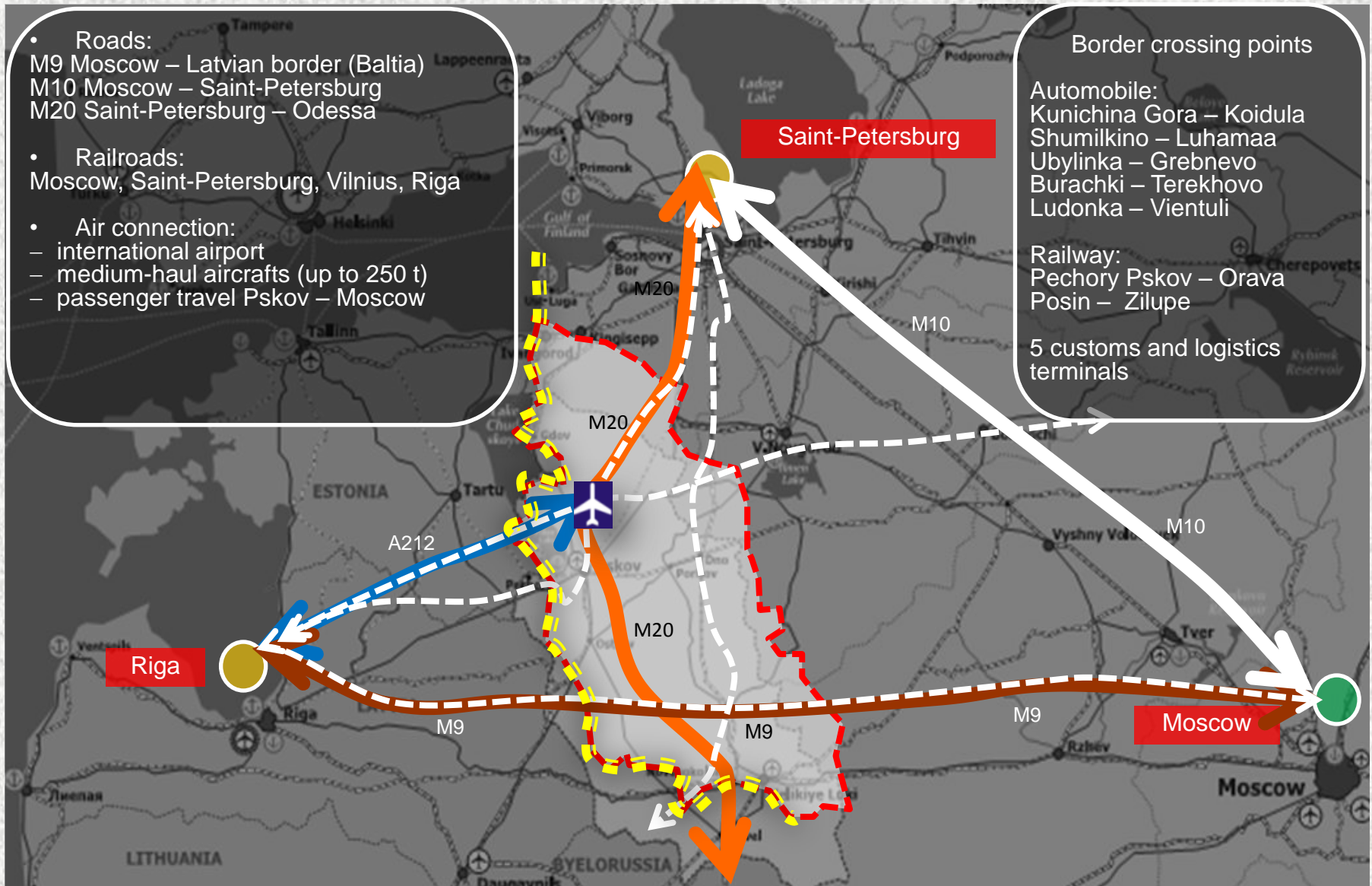
- Air connection:
  - international airport
  - medium-haul aircrafts (up to 250 t)
  - passenger travel Pskov – Moscow

## Border crossing points

Automobile:  
Kunichina Gora – Koidula  
Shumilkino – Luhamaa  
Ubylinka – Grebnevo  
Burachki – Terekhovo  
Ludonka – Vientuli

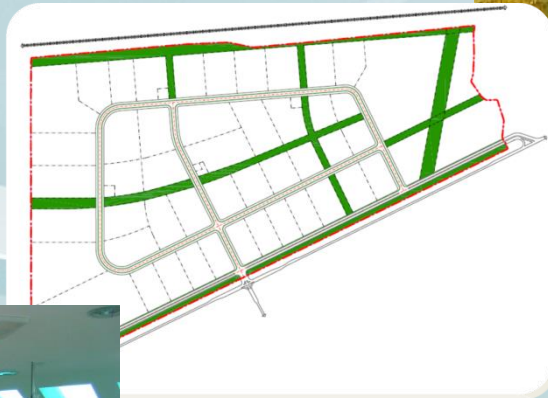
Railway:  
Pechory Pskov – Orava  
Posin – Zilupe

5 customs and logistics terminals



# Moglino SEZ management

On June 18, 2013 Moglino SEZ, JSC and Jurong Consultants Pte Ltd signed an Agreement on consultancy, marketing and management services for Moglino SEZ



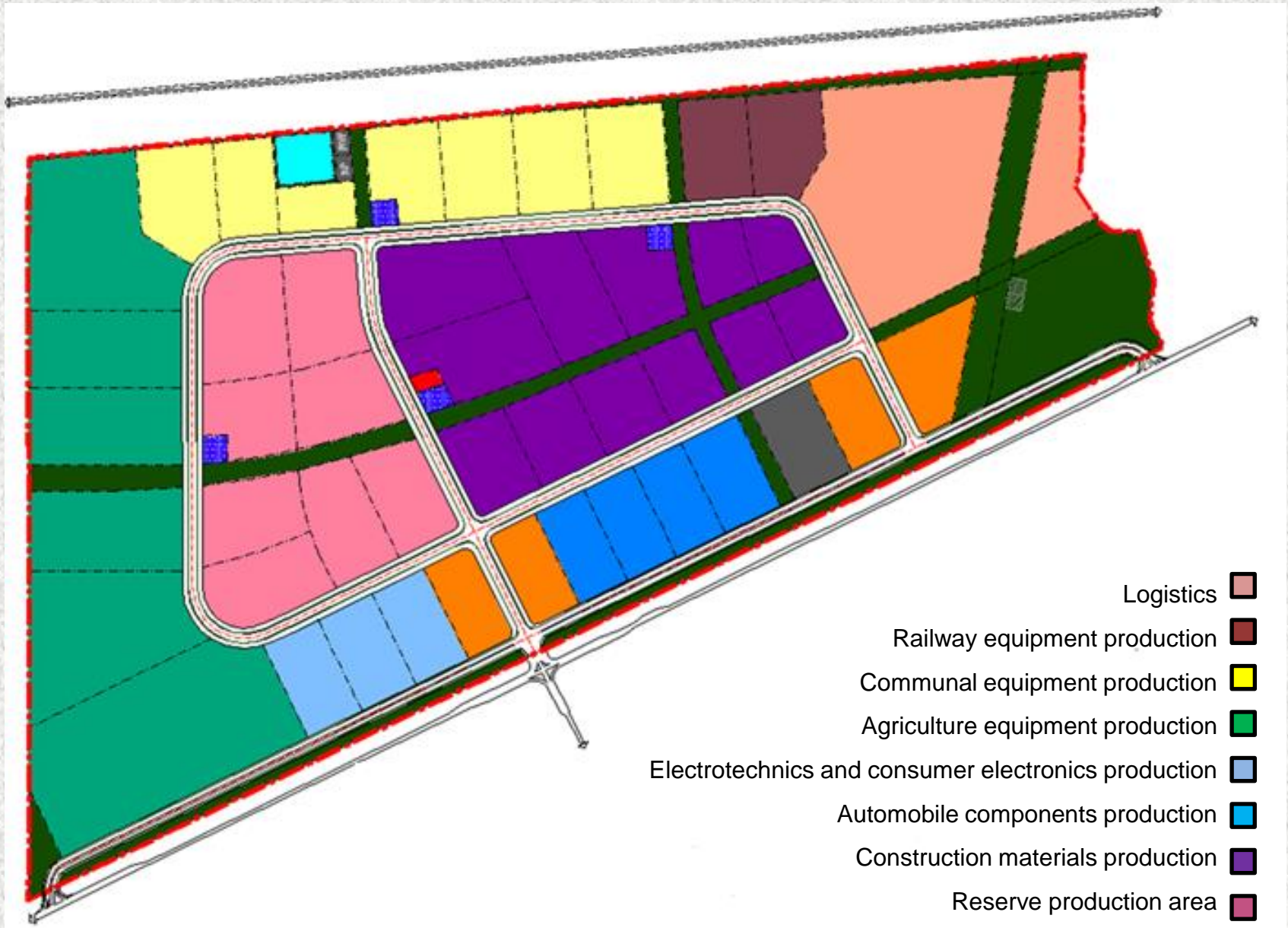
September 9-16, 2013

Kick-off visit of Jurong consultants to Pskov to implement the Agreement

# Mogliano SEZ integration to urban surroundings



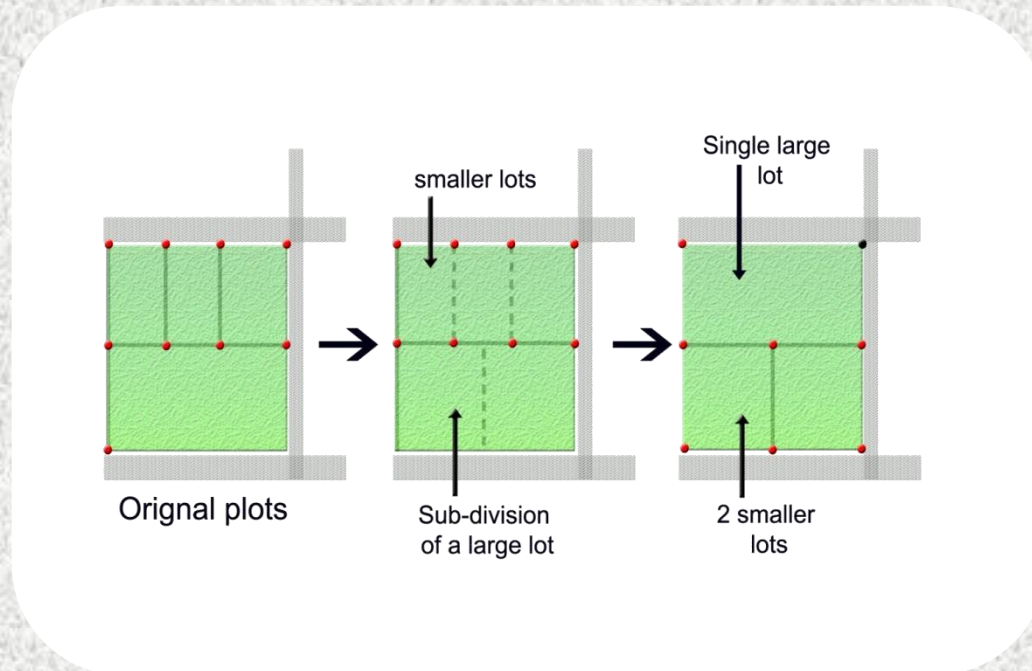
# Mogliano SEZ key industrial areas





# Mogliano SEZ development: Land lots

Tenant type	Rental rate, RUR / ha / year
1. Investor below 400 mln RUR	59 154,0
2. Investor upward of 400 mln RUR	53 283,6
3. Investor upward of 800 mln RUR	41 442,8
4. Investor upward of 1200 mln RUR	29 602,0
5. Common good infrastructure investor	59,2



# Mogliano SEZ development: Land lots

## Land purchase conditions:

- tenant shall own the facility constructed on the land lot
- the facility is constructed and commissioned



## Land lot purchase price calculation formula:

$$\text{land lot size (m}^2\text{)} \times 296,02 \times 20\%$$

296,02 – cadastral value multiplier (defined by Russian State register)  
20% – coefficient (defined by regional legislature)

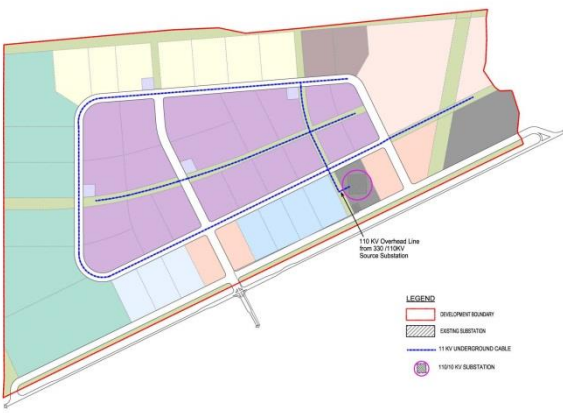
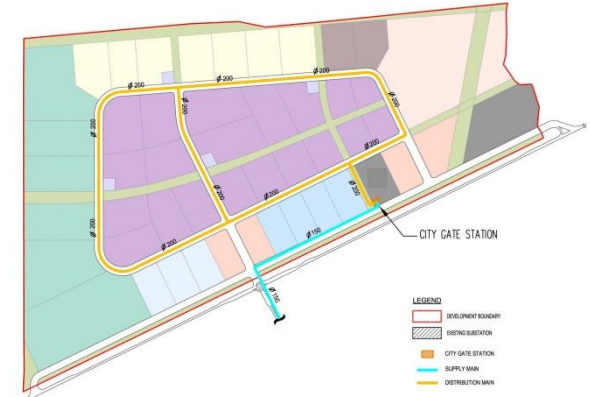
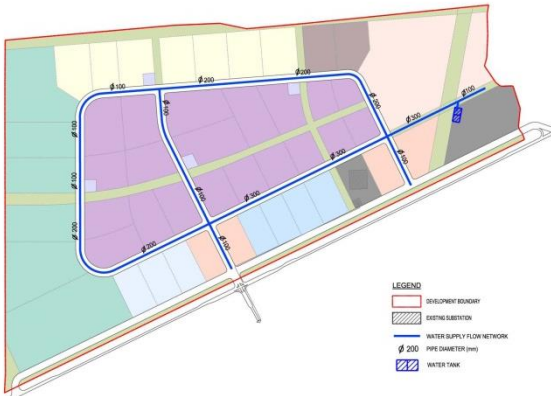


## Land lot purchase price calculation example:

$$1 \text{ ha (10 000 m}^2\text{)} \times 296,02 \times 20\% = 592 040 \text{ RUR}$$



# Mogliano SEZ development: Infrastructure



- Infrastructure is constructed at the cost of Federal and Regional budgets
- Every resident is granted with an access to infrastructure while constructing and operating
- Infrastructure access points are at every lot border
- Resource consumption price:

Resource type	Price per UM*
1. Gas, m <sup>3</sup>	3,83 RUR
2. Power supply, kWh	3,32 RUR
3. Water supply, m <sup>3</sup>	17,56 RUR

\* Current consumer rates



## Moglino SEZ taxation policy: Benefits for tenants

Tax	Normal rate	Moglino SEZ tenant rate
1. Corporate profit tax	2% to Federal budget 18% to Regional budget	<b>2% to Federal budget 13,5% to Regional budget*</b>
2. Corporate property tax	2,2%	<b>0%</b>
3. Land tax	1,5%	<b>0%</b>
4. Transport tax	2.5-15 RUR per hp	<b>0 RUR per hp</b>
5. Imported equipment, raw materials and components duties		<b>0%</b>
6. Equipment, materials and component VAT (excluding Customs union**)		<b>0%</b>
7. Export duties for ready goods exported beyond Customs union		<b>0%</b>

\* **The regional component of the Tax may be reduced to 0% which shall be fixed in the Pskov region legislature**

\*\* Customs union includes Russian Federation, Kazakhstan and Belarus

# SEZ Customs policy

regarding goods produced from foreign goods under Free Customs zone regime\*, and Customs Union goods

Agreement on free (special) economic zones in the customs territory of the Customs union and customs procedure of customs free zone

June 18, 2010

- for tenants registered before January 1, 2012, valid until January 1, 2017
- without duties or taxes

Russian Federation joins WTO

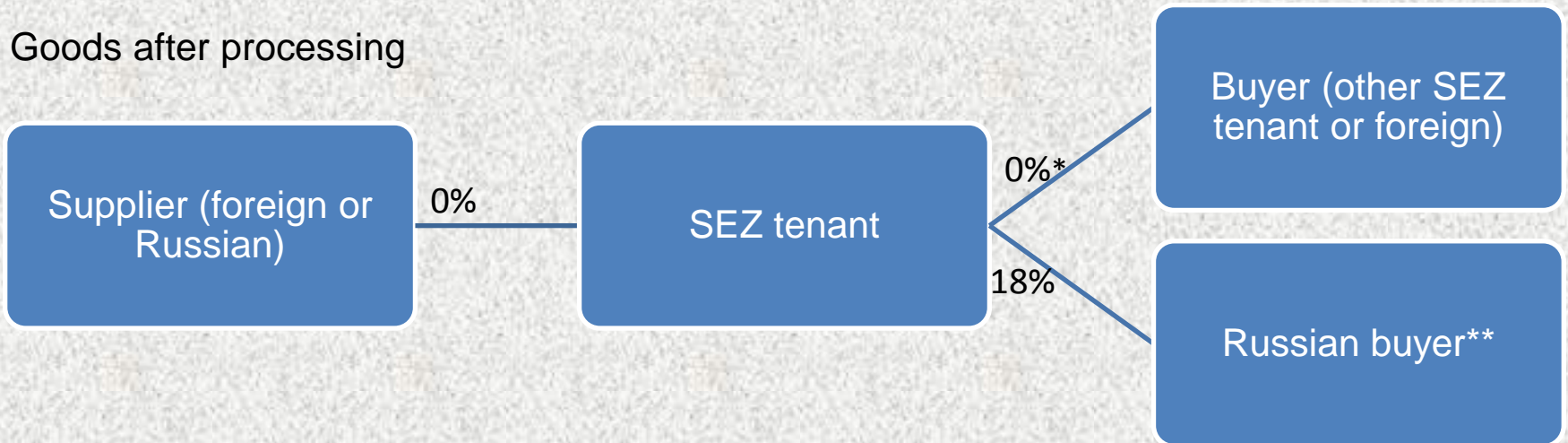
August 22, 2012

- goods get a status of 'foreign goods'
- goods go under a customs procedure for domestic consumption release including payment of duties and taxes

\* Free Customs zone is a customs procedure which is used to locate and use goods in SEZ without paying customs duties and taxes, as well as without applying non-tariff measures for foreign goods and without bans and restrictions for Customs Union goods

# SEZ customs policy: VAT

Goods after processing



\* VAT refund is possible for general business expenditures

\*\* The buyer can apply for VAT refund

Equipment and raw materials for SEZ needs

Foreign equipment imported for SEZ needs is VAT free

# Entrance requirements to tenants

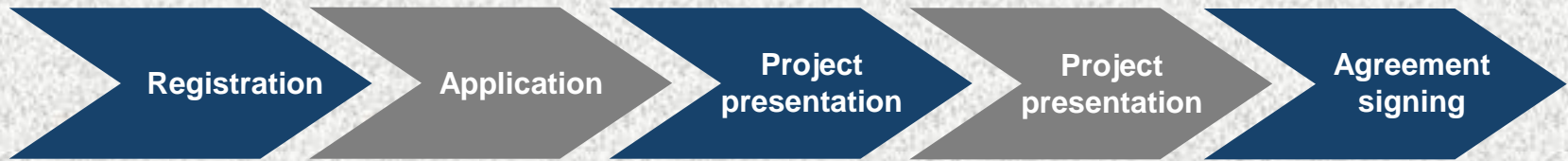
- Legal form:
  - commercial excluding unitary enterprises;
  - registered as a legal body in the Pskov district of the Pskov region.
- Shall sign a Tripartite agreement with the Ministry of Economic development of RF and Moglino SEZ Management company defining:
  - type of activity (industrial production or logistics only);
  - volume and terms of investment.
- Capital investments upwards of 120 mln RUR (excluding intangible assets), including 40 mln RUR – within first 3 years after Tripartite agreement signing.



Together we will make a difference



# Tenant status acquisition order



Step 1: Register the legal body in the Pskov district of the Pskov region

Step 2: Apply to sign a Tripartite agreement with the Ministry of economic development of RF and Moglino SEZ Management company

Step 3: Present the investment project at the Supervisory Board

Step 4: Present the investment project at the Expert Board under the Ministry of economic development of RF

Step 5: Sign a Tripartite agreement with the Ministry of economic development of RF and Moglino SEZ Management company

Application shall include:

- business plan;
- copies of constituent documents;
- copy of the Certificate of incorporation;
- copy of Tax registration certificate.





## **Thank you and welcome!**

State committee of the Pskov region on investments and spatial development

Tel. +7(8112) 29-97-29 [ktid@obladmin.pskov.ru](mailto:ktid@obladmin.pskov.ru)

JSC “Pskov Region Development Agency”

Tel. +7(8112) 72-44-34 [arpo-pskov@yandex.ru](mailto:arpo-pskov@yandex.ru)

JSC “SEZ IPT “Moglino””

Tel. +7(8112) 66-40-80 [sez.moglino@gmail.com](mailto:sez.moglino@gmail.com)