



**VOLOGDA  
REGION**



## **On behalf of my landsmen I am happy to present Vologda region to you.**

Ancient history of Vologda region traces back to the depth of the centuries. Vologda land played an important part in formation of the Russian nation, made great contribution to the treasury of Russian and world culture. Nowadays, a favourable geographical position of the region, its natural resources, high-skilled specialists, programmed and targeted approach to economic management, favourable opportunities for business development open wide prospects for active, energetic and enterprising people.

Vologda region is an industrially developed and an export-oriented region of Russia's North-West. We have long-standing commercial and economic relations with more than 100 countries all over the world.

We construct roads and lay gas pipelines, harvest and process timber, supply Russian and foreign markets with high-quality foodstuffs, cast steel, grow flax, make wonderful laces and produce modern trolley-buses, annually receive tens of thousands of tourists.

Vologda region is hospitality and kindness, innumerable monuments of glorious past, picturesque landscapes and miracles of nature. All this makes Vologda region an interesting and attractive area for tourists.

I am sure that investor's guide, that you are holding now, will be the first step to acquaintance and mutually beneficial cooperation with Vologda region.

**Oleg Kuvshinnikov,  
Vologda region Governor**

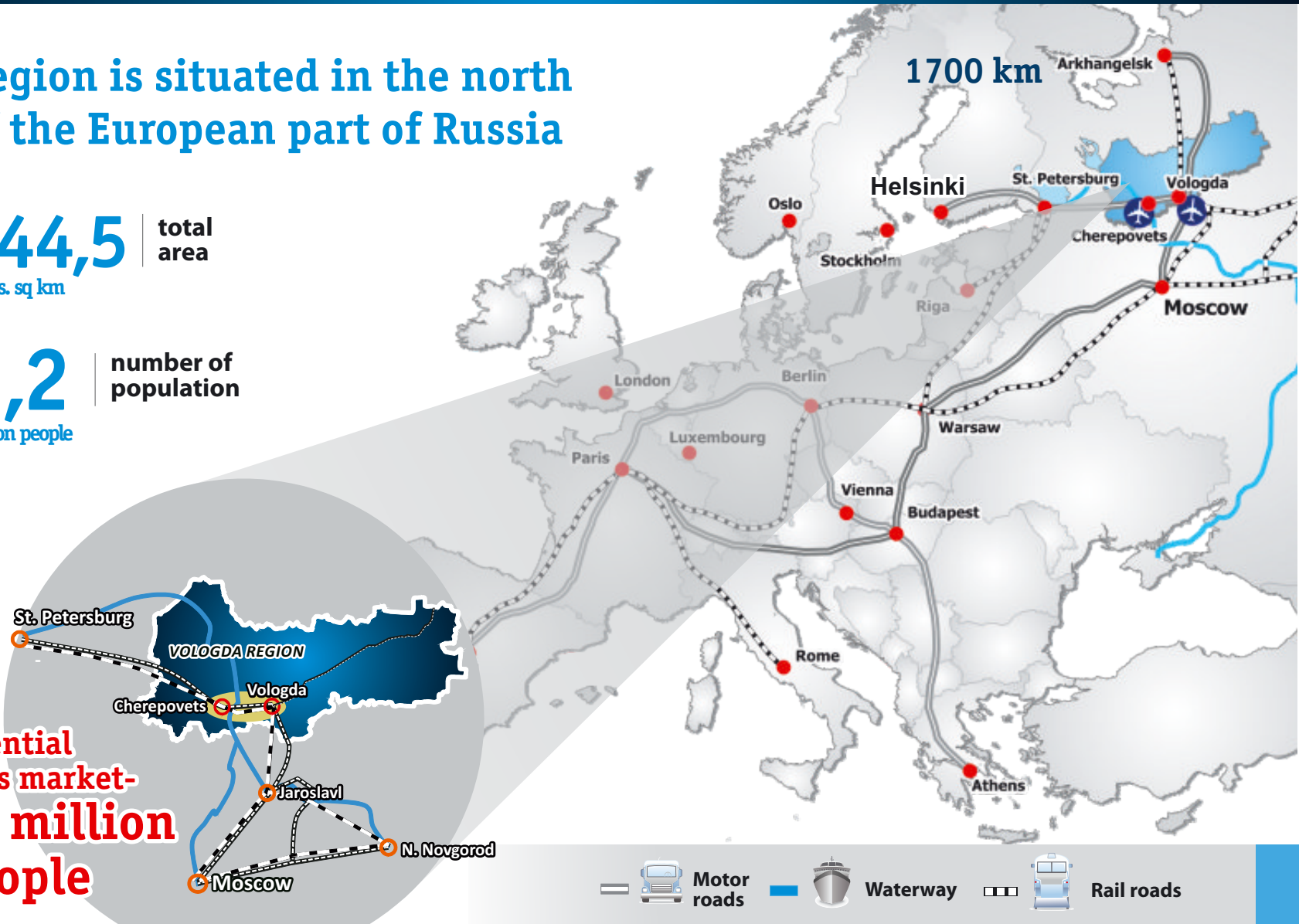
# Geographical location

Region is situated in the north of the European part of Russia

**144,5** | total area  
ths. sq km

**1,2** | number of population  
million people

Potential sales market-  
**50 million**  
people



# Transport accessibility



Motor roads



Railroad



Waterway

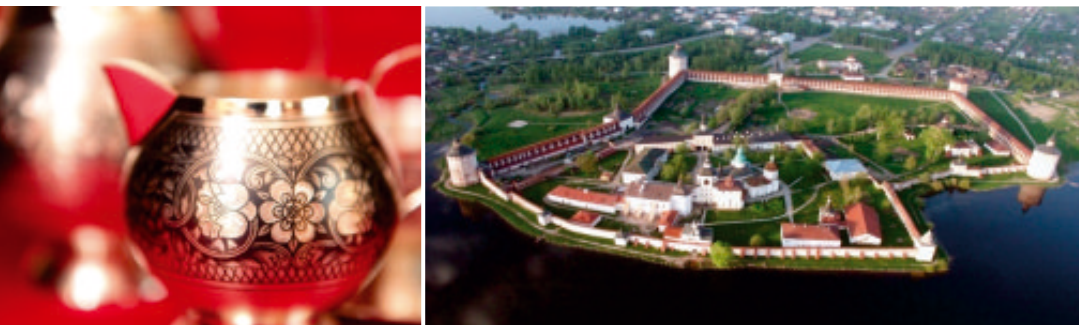
Vologda–Moscow	460 km
Vologda–St.Petersburg	600 km
Vologda–Cherepovets	135 km

# History of Vologda land



**Vologda region is a unique  
in its wealth and variety  
historical and cultural heritage**

**Vologda, Belozersk,  
Veliky Ustyug, Ustyzhna,  
Totma and Kirillov  
are ancient Russian cities**



**There are more than  
3 500 historical and  
cultural monuments  
in Vologda region**

# Vologda region today

## Vologda butter



Nikolay Vasilievich Vereshchagin (1839-1907)

founder of "Vologda butter" brand



Vologda State Milk Economic Academy named after N.V. Vereshchagin



## Vologda lace

The origin of the craft traces back to the XVII century

In 2010 the only world's "Lace Museum" was opened

The First International Lace festival



# Infrastructure of goods distribution

Transport complex of Vologda region includes 769 km of public railway tracks; 2098 km of navigable waterways, more than 1.5 ths. km of domestic airlines, 11.8 ths. km of roads: federal roads – 641 km, regional roads – 10,5 ths. km, municipal roads – 667 km. Everyday passenger flow – 500 ths. people.

## Advantages of Vologda region:

- It is situated at the crossing of trade ways.
- Presence of several types of transport: water transport, automobile transport, aviation, pipelines.
- Presence of the customs in this area is interesting but nowadays only transit customs is possible. It is explained by an insignificant amount of loads with a final destination in the Vologda region.

## Vologda region cargo turnover

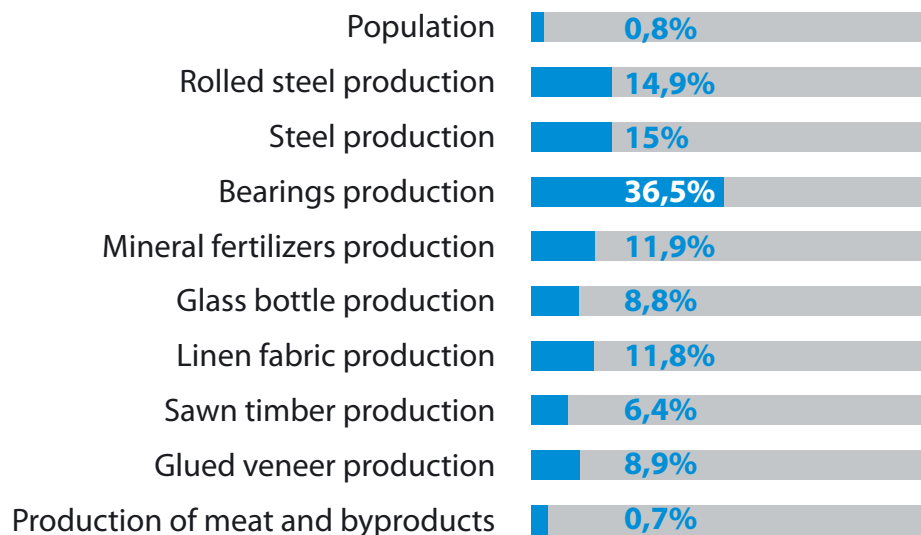
transport type	turnover (ths. tons)						
	2005	2006	2007	2008	2009	2010	2011
automobile	2314.0	2772	2454	1904	2223	3499	5213
railroad	17623.0	18285	19573	18579	14200	17611	18911
waterway	5517	4403	2598	3629	2673	2366	2140
airway (tons)	89.0	96	38	109	46	20	16
total	25454	25460	24625	24112	19096	23476	26264

**97.3% of the region turnover in 2012 is carried by railroads**

# Regional economy

Vologda region today is an industrially developed region, its strategy of development is based on economy diversification and innovative approaches to space planning.

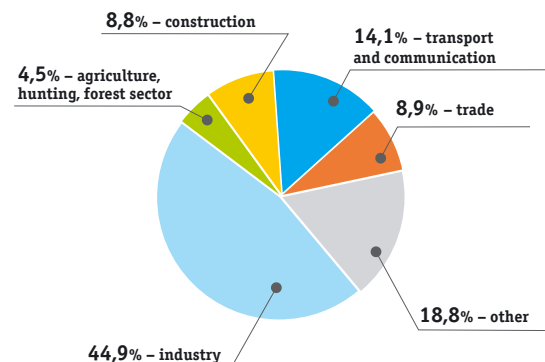
## Share of Vologda region in the Russian Federation



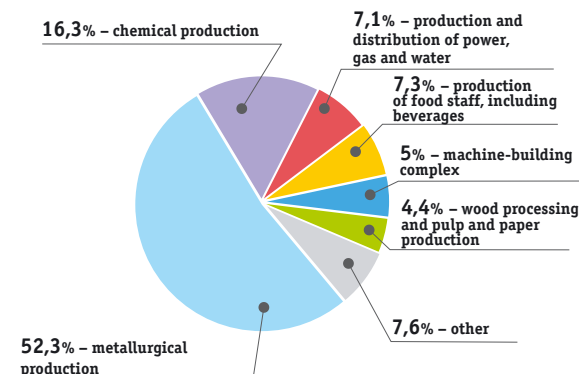
# 17<sup>th</sup> place

place out of 83 RF regions in terms of shipped industrial products per capita

## Structure of Vologda region gross product



## Structure of Vologda region industry





# Foreign economy



**3,5 billion euro –**  
Vologda region foreign trade turnover in 2012

## Vologda region

is an export-oriented region, which has a long history of mutually beneficial relations with different countries all over the world. Our foreign trade, economic and financial cooperation with foreign countries is constantly expanding.

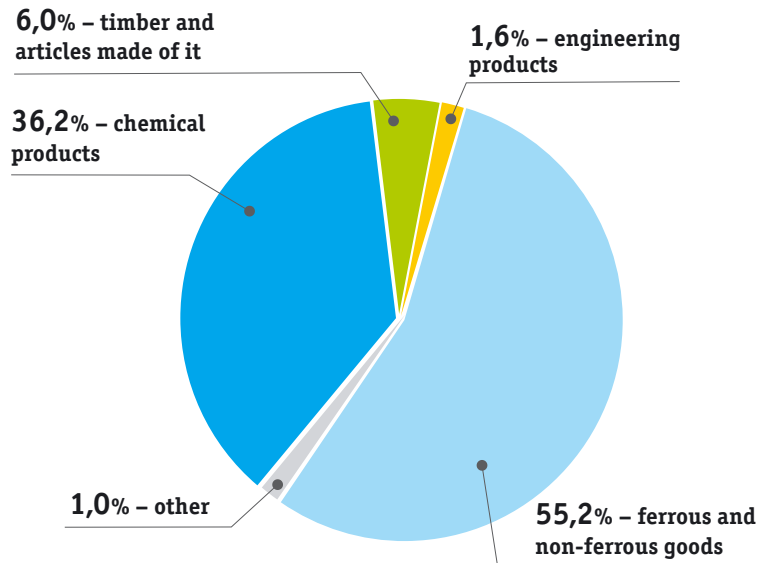
# Foreign economy

We cooperate with more than 100 countries all over the world

**Main export items:** products of metal-lurgy, chemical industry, timber industry

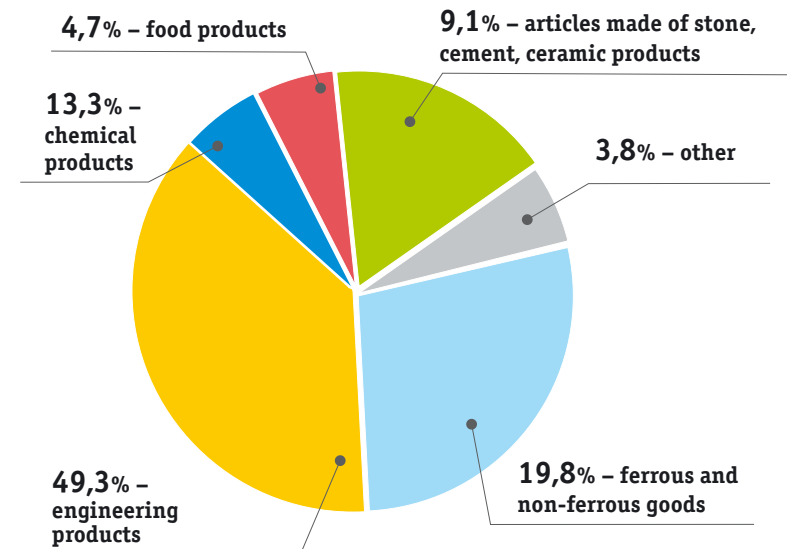
**Main import article:** engineering products

## Export structure, 2012



**3084 million euro –  
export in 2012**

## Import structure, 2012

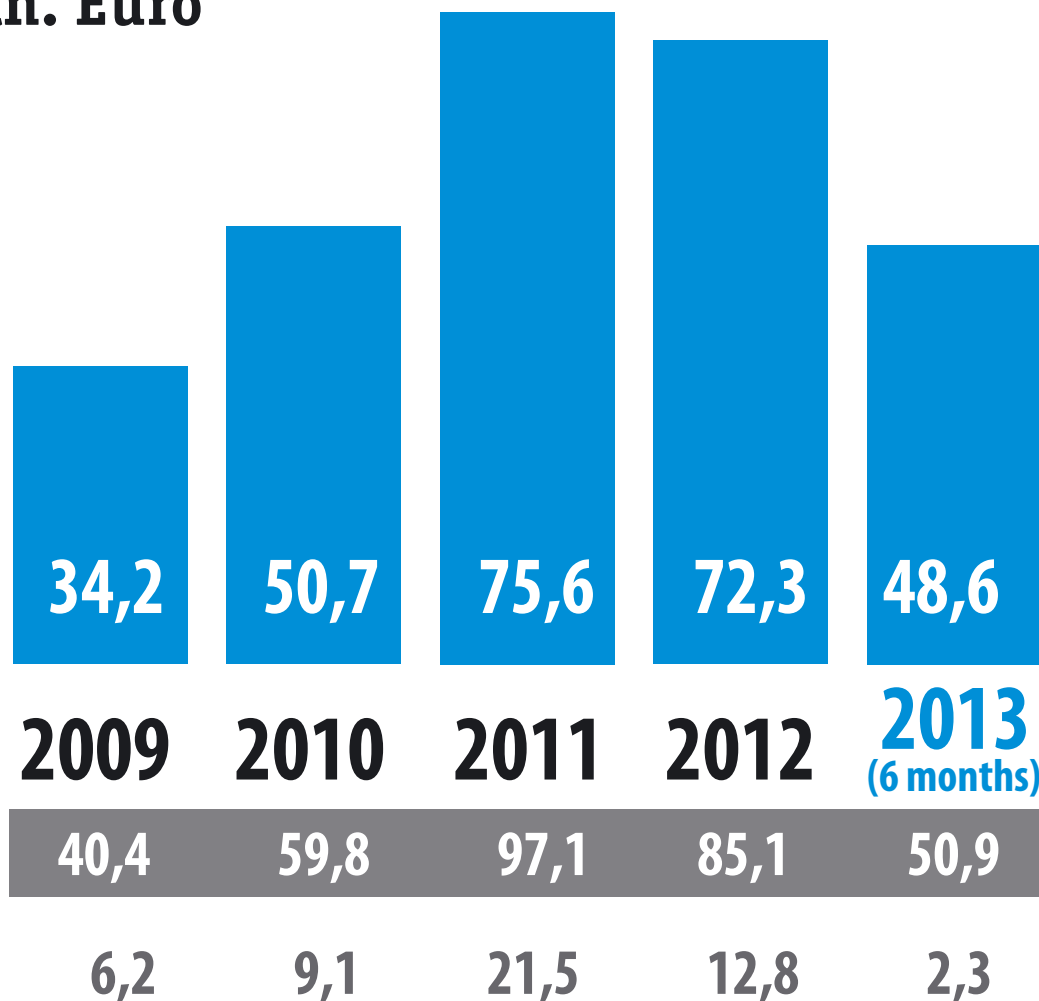


**414 million euro –  
import in 2012**

Export forms 90% of the regional foreign trade turnover

# Foreign trade turnover with Finland

Foreign trade turnover,  
mln. Euro



# Investment climate

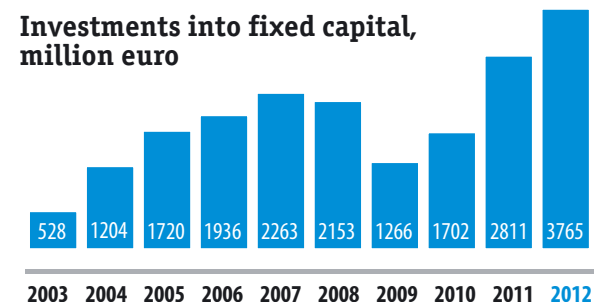
## The main principles of cooperation with investors:

- Location of production in industrial parks
- Functioning of institutions of development (OJSC "Vologda Region Development Corporation". Every investor regardless of the volume of investments, country and sector profile will be fully supervised)
- Constant development of regional support system. The region provides profit tax and property tax preferences depending on the volume of investments
- Implementation of the Strategic Initiative Agency Standard at the regional level
- Reduction of administrative barriers, simplification of permission procedures

property tax and transport tax for 5 years and reduction of the profit tax rate from 18% to 13.5% for 5 years.

**Discounted tax rates on property and transport taxes release for up to 5 years, income tax reduction for 4,5% for up to 5 years (from 18% to 13,5%).**

Investments into fixed capital, million euro



RATINGS

**Standard&Poor's** (May, 2012)

Long-term credit rating  
according to the  
international scale – **B**  
according to the  
Russian scale – **ruA**

Outlook "Stable"

**Moody's** (December, 2012)

Rating according to the  
global scale in national  
and foreign currencies – **Ba3**

Rating according  
to the national scale – **Aa3.ru**

Outlook "Stable"

**Expert RA** - 3B1

**National Rating Agency**

(May, 2012) – **BBB**

**Fitch Ratings** (2012) – **BB**

The key role of an active investment policy is **economy diversification and development of the sunrise industries**

# Academic potential



The institutions of higher education prepare specialist in sphere of economics, finance, management, law, IT, engineering, innovations, sciences, electronic engineering.

More than **20** institutions of higher education

About **40 ths.** students

More than **120** professions

**6** state federal institutions of higher education

**7** affiliates of state federal institutions of higher education

**1** non-state institution of higher education

**8** affiliates of non-state institutions of higher education

Scientific and technical as well as innovative infrastructure is mostly represented by institutions of higher education. There are 112 Doctors of Science and 839 Candidates of Science, there are more than 600 post-graduate students.

# Priorities of the Vologda Region Investment Strategy:



**Forestry**



**Production  
of construction  
materials**



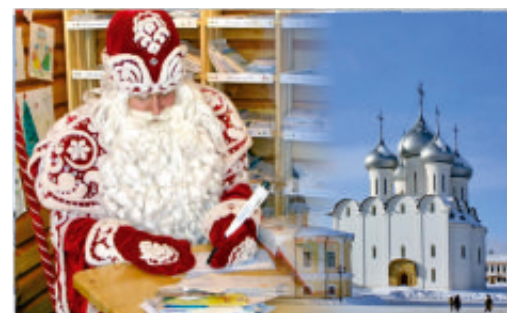
**Energetics  
and communal  
infrastructure**



**Agriculture**



**Industrial sites**



**Tourist  
infrastructure**

# Agriculture



**462,1**  
ths. tons of milk  
were produces  
in 2012

<b>118</b> ths. tons (19 companies)	<b>3,7</b> ths. tons (10 companies)	<b>30</b> ths. tons (19 companies)
<b>whole milk</b>	<b>cream</b>	<b>fermented milk products</b>
<b>12,5</b> ths. tons (16 companies)	<b>8,3</b> ths. tons (9 companies)	<b>5,3</b> ths. tons (10 companies)
<b>sour cream</b>	<b>cottage cheese</b>	<b>butter</b>
<b>4,6</b> ths. tons (4 companies)	<b>12,7</b> ths. tons (1 company)	<b>897</b> tons (3 companies)
<b>milk powder</b>	<b>condensed milk</b>	<b>cheese</b>



# Timber complex

**1st** in chipboard production

**2nd** in production of raw timber

**3rd** in veneer production

**4th** in sawn-timber production.

**11,6**

million ha  
regional  
forest resources

**68%**

timber  
processing  
in the region

**24,9**

million cu m  
rated  
wood cutting

**1,7**

million cu m  
stand



Production  
of furniture



Production  
of veneer and  
wood boards



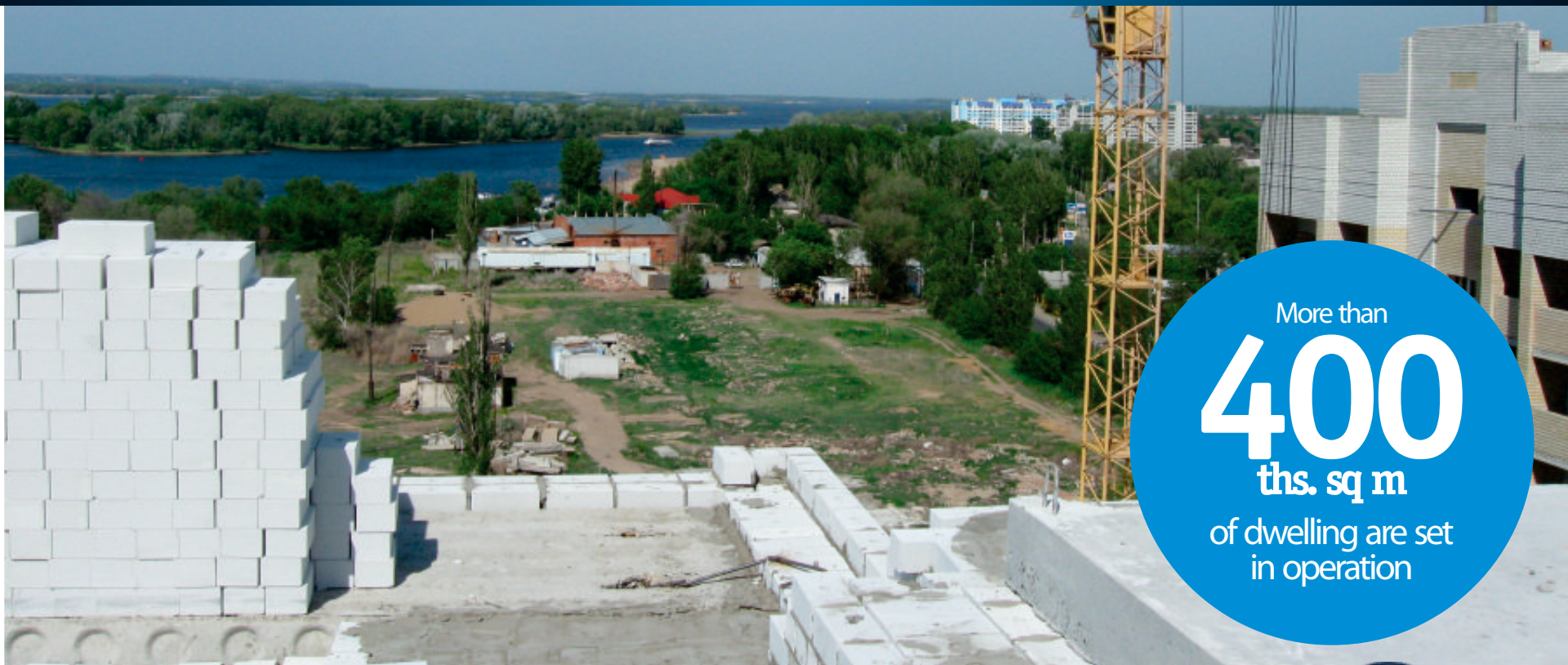
Wooden house  
construction



**Paper mill**  
(production of paper,  
carton, pulpwood)



# Production of construction materials



More than  
**400**  
ths. sq m  
of dwelling are set  
in operation



**Aerocrete**



**Cement**




**Construction  
brick**



**Exploitation  
of deposits**

# Mineral and raw-material base

**Peat**  
  
**2,6**  
 billion tons

6 of 364 deposits are being explored

**Sand and gravel material**

  
**278**  
 million cu m

32 of 199 deposits are being explored

**Clay**  
  
 (brick clay, potter's clay, ceramic clay, expanded clay)

**230**  
 million cu m  
 5 Of 71 deposits are being explored

**Building sand**  
**215** million cu m

15 of 133 deposits are being explored

**Calciferous raw materials for metallurgy**  
**202** million tons

1 of 5 deposits are being explored

**Calciferous materials for liming**

**55** million tons

1 of 49 deposits are being explored

**Decay ooze**  
**12,1** million tons

**Glass sand / dry sand**  
**14,4/1,4** million tons

**Calciferous materials for building**  
**66,3** million tons

**Fresh underground water**

**113,1** ths. cu m /day

6 of 6 deposits are being explored

**Mineral underground water**

**291** ths. cu m /day

6 of 6 deposits are being explored

# Power engineering and communal infrastructure



**52%**  
is the volume  
of energy generated  
in the region



**Wind-powered generator**



**Gas**



**Biofuel**



**Peat**



**Energy service**

# Tourism and active leisure

**3,5**

thousand of historical and cultural monuments

**1980**

thousand visitors per year

more than **800** tourist ships

**145**  
thousand visitors per year

**Tourist project**  
“Velikiy Ustug –  
Homeland of Father Frost”

**Development  
of Recreational  
Opportunities**

# Aims and objectives of the corporation creation

JSC "Corporation of Vologda Region Development" was set up by the initiative of the Vologda Region Governor Oleg Kuvshinnikov with support of the Vologda Region Legislative Assembly.

Registered capital - 505 thous. shares for 1,6 mln. USD. The Vologda Region Government owns 500 thous. shares, 5 thous. shares belongs to the bank "Severniy Credit".

- Realization of the investment projects and development of the Vologda region;
- Increase of the investment potential of the Region
- Development of the investment projects infrastructure (industrial parks, industrial zones in the Vologda region)

## Aims and objectives



### TERRITORIAL DEVELOPMENT OF VOLOGDA REGION

- Search and support investment projects
- Creation of positive investment climate
- Attracting investors for realization of projects in Vologda Region



### INVESTMENT MARKETING

- Marketing of the territory
- Development of strategic initiatives
- Organization of the researching process of the investment market outside of Vologda region, including the search for investors in Russia and abroad.



### INVESTMENT PROJECTS SUPPORT

- Monitoring of investment projects
- Participation in projects
- Development of public-private partnership

**The Corporation administrates more than 50 projects for 600 mln. USD.**

## Projects of the Vologda Region

more than **100** projects in the region  
among them – **30** priority projects  
including **17** projects in forests

Corporation supports **more than 50 projects**

The Vologda region has

**more than 300 investment sites, including**

- more than 260 in municipalities of the region
- 2 regional industrial parks: industrial park “SHEKSNA”, certified industrial park of Russia, industrial park “SOKOL”
- 2 municipal industrial sites: “Cherepovets”, “Vologda-Vostok”
- 20 sites have been reserved for initiated projects

**Investment volume in 2012 –  
more than 5 billion USD.**

# Priority projects



## OJSC "Severstal"

Implementation of ecological projects, including reduction of emissions of steel-making process, expansion of coated steel production.



## OJSC "PHOSAGRO"

Construction of carbamide production complex, gas-turbine power plant at the site in Cherepovets, Vologda region.

**Production of fertilizers – 4.5 million tons per year.**



## OJSC "PHOSAGRO-CHEREPOVETS"

Construction of a new ammonia-producing unit.

**Production of fertilizers – 760 ths. tons per year.**



## "Sukhona pulp and paper mill", Ltd.

Reconstruction of the current production facilities, production of high quality container board, corrugating paper, top-liner.

**Paper – 60.4 ths. tons. Cardboard – 34.6 ths. tons. Fiberboard – 24.5 million sq m. 130 working places.**



ООО «ХАРОВСКЛЕСПРОМ»

## "Kharovsklesprom", Ltd.

Expansion of wood processing production in Kharovsk municipality of Vologda region.

**Sawn timber – 175 ths. cu m. Industrial chips – 87 cu m. 148 working places.**



Engineering design and construction of gas pipelines. Gas infrastructure development.

**Construction of 15 gas pipelines.**



## ЧЕРЕПОВЕЦКАЯ ГРЭС

### Cherepovets hydroelectric power station

Construction of the 2nd line of Cherepovets hydroelectric power station

**Capacity of the 4th power-generating unit – 420 MW.**



## OJSC "Mezhregionteploenergo"

Program of construction, reconstruction and renovation of heat-and-power objects of Vologda region municipalities.

**193 boiler houses in 20 municipalities.**



## OJSC "Gazprom neft"

Construction of 30 "Gazprom neft" fuel filling stations in Vologda region.

**550 working places.**



## CJSC "NORD HYDRO"

Construction of 10 units of small-scale power generation.



## A network of roadside cafes "Baranka"

Creation of a unified standard of roadside service, meeting of maximum needs of drivers during one stop.

**15 roadside cafes. About 200 working places.**



## Affiliate of "Nestle Russia", Ltd. in Vologda

Construction of a new production of baby food with the usage of new technologies and recipes.

**Production expansion up to 40ths. tons by 2020. 50 new working places.**



ВОЛОГОДЧИНА  
аграрнопромышленная  
корпорация

## Agricultural corporation "Vologodchina"

Reconstruction of flax factory, production of medical cotton wool and adsorbing filling staff.

**2000 tons of cotton wool  
4900 tons of filling staff.**



## "Vologodskaya Yagoda" ("Vologda berry"), Ltd.

2 berry and vegetable processing plants in Ustye settlement of Ust-Kubinsky municipality

**Kremogenes and vegetable puree – 11 ths. tons.  
Fruit and vegetable. concentrated juice – 4.2 ths. tons.  
Frozen products – 8.2 ths. tons.  
French fries – 3.2 ths. tons.  
419 working places.**



## OJSC "Sokol wood-working plant"

Expansion of houses production

**Beam houses – 85 ths. sq m.  
Wood-framed houses – 75 ths. sq m.  
Parts – 73 ths. sq m. Sawn-timber – 46 ths. sq m.  
263 working places.**

# Industrial park "Sheksna"



## Specialization of park "Sheksna" – metal-working, production of construction materials and biotechnologies



All the land of IP "Sheksna" is state-owned.

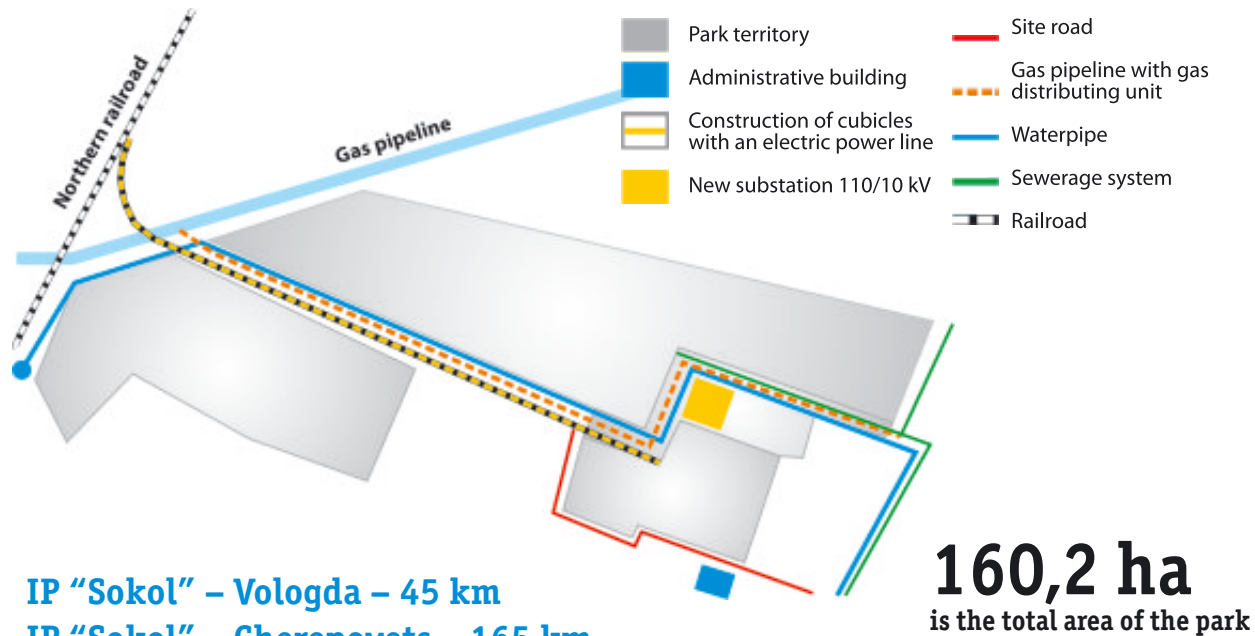


**АССОЦИАЦИЯ  
ИНДУСТРИАЛЬНЫХ  
ПАРКОВ**

**Total area –  
2000 ha**



# Industrial park "Sokol"



It is planned to develop the following types of activity in industrial park "Sokol":

- Woodworking
- Construction industry
- Production of soft roofing insulation materials
- Production of furniture and accessories

## Since the moment of the project implementation:

- Administrative building and car parking have been constructed;
- A transformer substation 110/10 kV and a high-voltage line – 110 kV have been constructed;
- Electric main 6 kV was brought
- The following infrastructural objects were designed:
  - ✓ Site road
  - ✓ Access road
  - ✓ Water supply nets, domestic and storm sewerage
  - ✓ Gas supply system with a gas distributing unit

# Investment projects



## **Sapropel digging. Production of sapropel-based fertilizers**

Production of complex organomineral fertilizers and growth stimulators, feed additives, veterinary preparations made of obsolete environmentally friendly raw-material – lake sapropel as well as microbiologic specimen.

**Total cost of the project –  
from 1 million USD**

**NPV – 334 thousand dollars**

**Payback period – 1-2 years**



## **Construction of E471 nutritional supplement producing plant (stabilizer-emulsifier)**

Organization of E 471 stabilizer-emulsifier production with annual sale of 6 ths. tons per year.

**Total cost of the project –  
18 million USD, including  
own funds**

**NPV – 6.8 million USD**

**Payback period – 4.92 years**



## **Construction of autoclave curing cell-concrete and a house-building factory**

Production of bricks made of autoclave curing cell-concrete, production of concrete goods and materials for dwelling construction

**Volume of investments –  
34.5 million USD**

**NPV – 28 million USD**

**Payback period – 4 years**

# Investments sites



## Site for a brick-producing plant

Asset group with production facilities and a plot of land (7.5 ha). License for clay digging with volume of deposits – 350 ths. cu m.

**Cost of the site – 2 million USD**



## Peat digging site

Chagoda municipality of Vologda region

**Known reserves – 115 million tons**

**Volume of investments – 6.7 million USD**



## Site for chipboard, medium density fiberboard, oriented strand board and veneer producing plant

Vozhega municipality of Vologda region

The site has the following objects: buildings, a hard stand

Infrastructure: electricity supply – up to 10 MWt

Water – well, debit 7.2 cu m/h, central running water



## Site for construction of a birch veneer producing plant

Totma municipality of Vologda region

The site has the following objects: buildings, a boiler house. Area – 10 ha.

Infrastructure – electricity supply, central running-water, drainage

**Raw-materials – rated wood cutting of 1300 million cu m of birch**

**Thank you for your attention**