



VORONEZH REGION



RUSSIA

VORONEZH
REGION



At present there are 4.0 million hectares of agriculture land in the Region, with 3.0 million hectares of arable land and devoted to agricultural production.

Our main goal is to create conditions that will support and maintain industry growth and development and encourage the priority growth of cattle farming.

When compared to the whole of the Russian Federation, the Voronezh Region produces 12% of all sugar, 16.6% of all vegetable oil, and 8% of all margarine.

There are about 600 agricultural businesses, 3 500 commercial farms, and more than 360 000 private subsidiary farms.

The Voronezh Region's economic policy is simple and easy to understand. The government plans are all based on encouraging innovation, empowering effective owners, and enabling and protecting investors. Already many of those conditions are in place: a favorable investment climate, appropriate laws, and an understandable and coherent system of benefits and preferences for business owners and investors.

We therefore eagerly await with a warm welcome all those who seek to engage in equitable and mutually beneficial cooperation in the Voronezh Region.

**Governor of the Voronezh
Region (Oblast)
A.V. Gordeev**

Dear Friends,
The Voronezh Region is not only well-known for its great history but also for its powerful industry and technology research & development potential.

Industry, the leading economic sector, is responsible for 20% of the Gross Regional Product (GRP) while 17% of the working population of the Region is employed in the industry, producing chemical fertilizers, rubber and latex, heavy mechanical presses, high-technology communication systems, and the latest aircraft and space equipment.

Today our primary goal is to develop and enlarge the Region's system of innovation. The system already consists of a network of several technical parks housing 70 small businesses and three business incubators. Undoubtedly, the creation of economic zones in the Region similar to special federal economic zones will bring new impulse for industry development.

Realization of the Region's powerful agricultural potential is based on an eight-year agricultural development program.

The History of the Voronezh Region



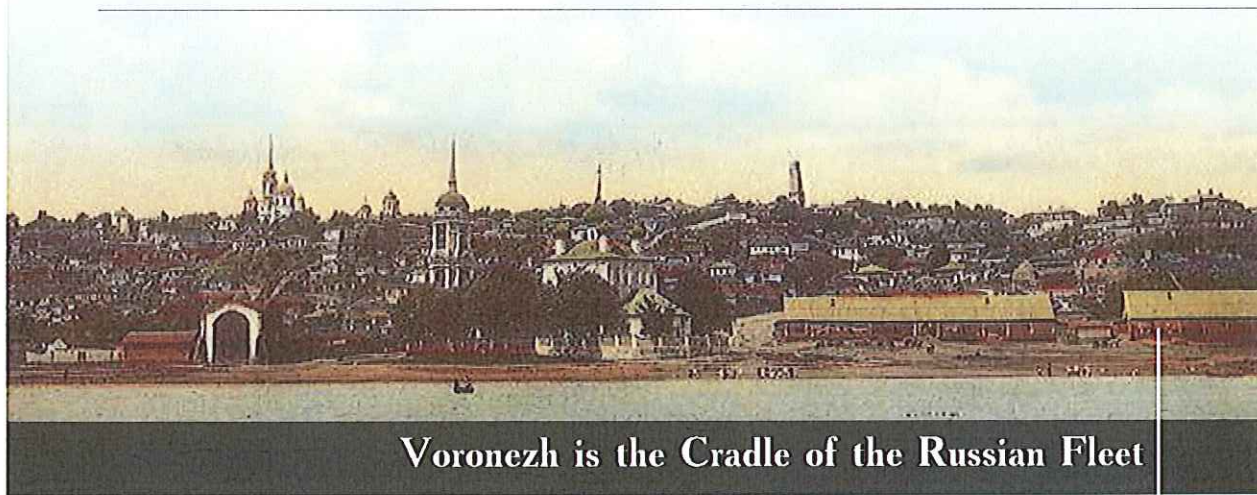
Even though the first mention of Voronezh appears in the historic chronicles only in 1177, the region was settled much earlier during the Paleolithic Period. The most famous of these Stone Age settlements have been found near the village of Kostenki, on the right bank of the Don River.

The emergence of centralized Russian State led to the development of the Voronezh Region, and in the sixteenth century it officially became its part. At the end of the seventeenth century and beginning of the eighteenth, Tsar Peter the Great built the first Russian fleet here. In 1711 Voronezh was made the administrative center of the Azov Province (Guberniya). In 1725 the region was named Voronezh Gubernia. At that time Voronezh was the home to many industrial companies and many large trade fairs. Also, the region's education and culture were developed at this time as theaters, libraries, printing houses, schools and universities

emerged, and newspapers and magazines were printed.

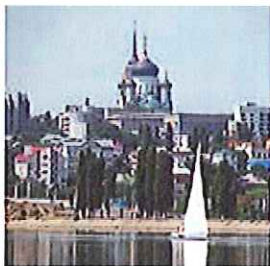
During the 1860s-1870s railroads were built across the Voronezh Region and several large industrial companies were formed in the Region. Officially the Voronezh Region (Oblast) as it is today was formed on June 13, 1934. During World War II, part of the Region was occupied by the German army (with the Voronezh River marking the farthest advance of the Nazis), and in 1943, after much fierce fighting, the Region was liberated.

Today the Voronezh Region is the home to a powerful industrial complex that includes large-scale high-technology mechanical engineering and production companies, chemical and food-processing facilities, and electrical power production. Besides that the Voronezh Region's favorable geographical location contributes to the strengthening of the Region as a large transportation and logistics center for the whole south-central portion of Russia.



Voronezh is the Cradle of the Russian Fleet

Geographical Location and Transportation Infrastructure



The Voronezh Region is one of the largest regions of the Central Federal District of the Russian Federation.

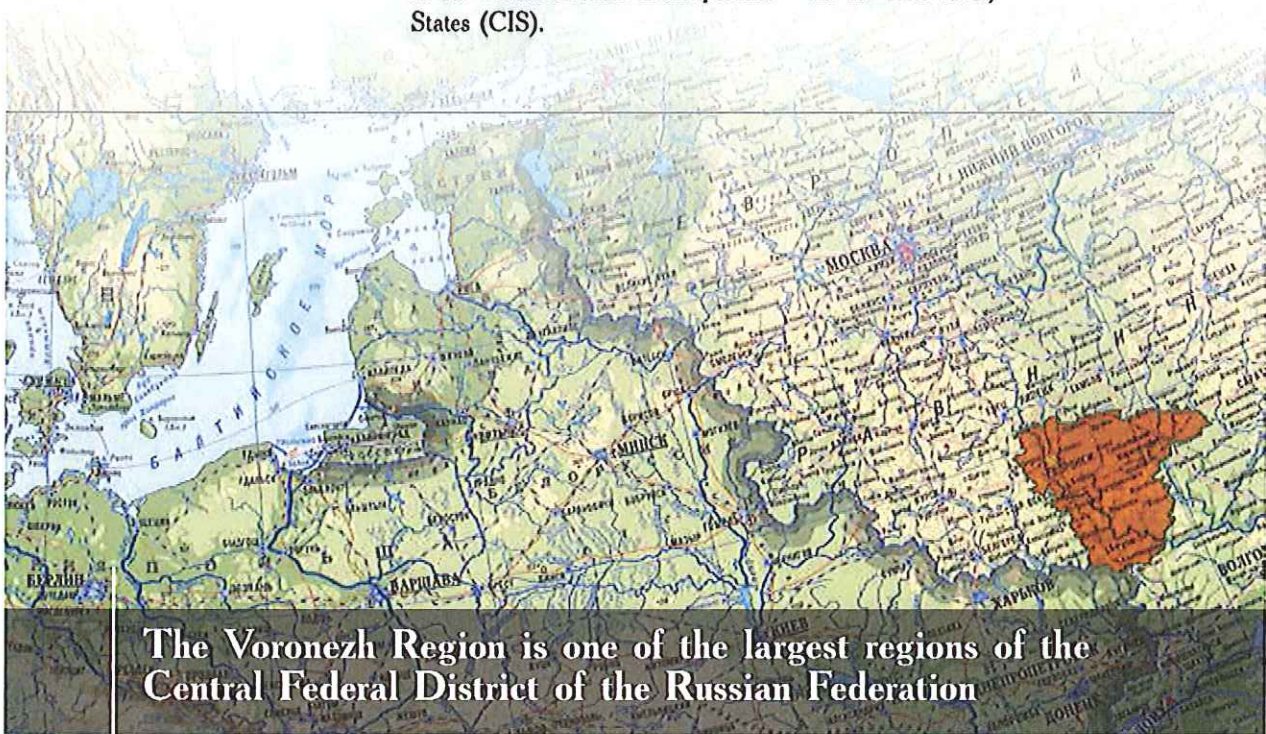
The Region borders with the Belgorod, Kursk, Lipetsk, Tambov, Saratov, Volgograd, and Rostov Regions of the Russian Federation, and the Lugansk Region of Ukraine.

The Voronezh Region covers a territory of 52 200 km², stretching 277.5 kilometers north to south and 352 kilometers east to west.

The Voronezh Region has an advantageous economic and geographical location and is located on a main junction of the transportation network that connects the Region with other industrial regions in Russia and in the Commonwealth of Independent States (CIS).

The Region has the following transportation centers and terminals:

- the international airport «Voronezh»
- the South-East Railroad which connects the central European part of Russia with the northern Caucasus regions, Trans-Volga regions, Ukraine, and the western parts of the country; the total length of the railroad within the Voronezh Region is 1 149 kilometers
- major highways: Moscow-Rostov, Moscow-Astrakhan, Kursk-Saratov
- the river port «Liskinsky»
- navigable water ways (total length of 573 kilometers with access to the Azov, Caspian and Black Seas via the Don River)



The Voronezh Region is one of the largest regions of the Central Federal District of the Russian Federation

Natural Resources



The Voronezh Region is located to the south of Moscow, along the Don River in the central part of the East-European (Russian) Plain where the forest-steppe and steppe ecological zones meet.

The main waterway of the Region is the Don River, which provides navigable communication with the Azov and Black Seas.

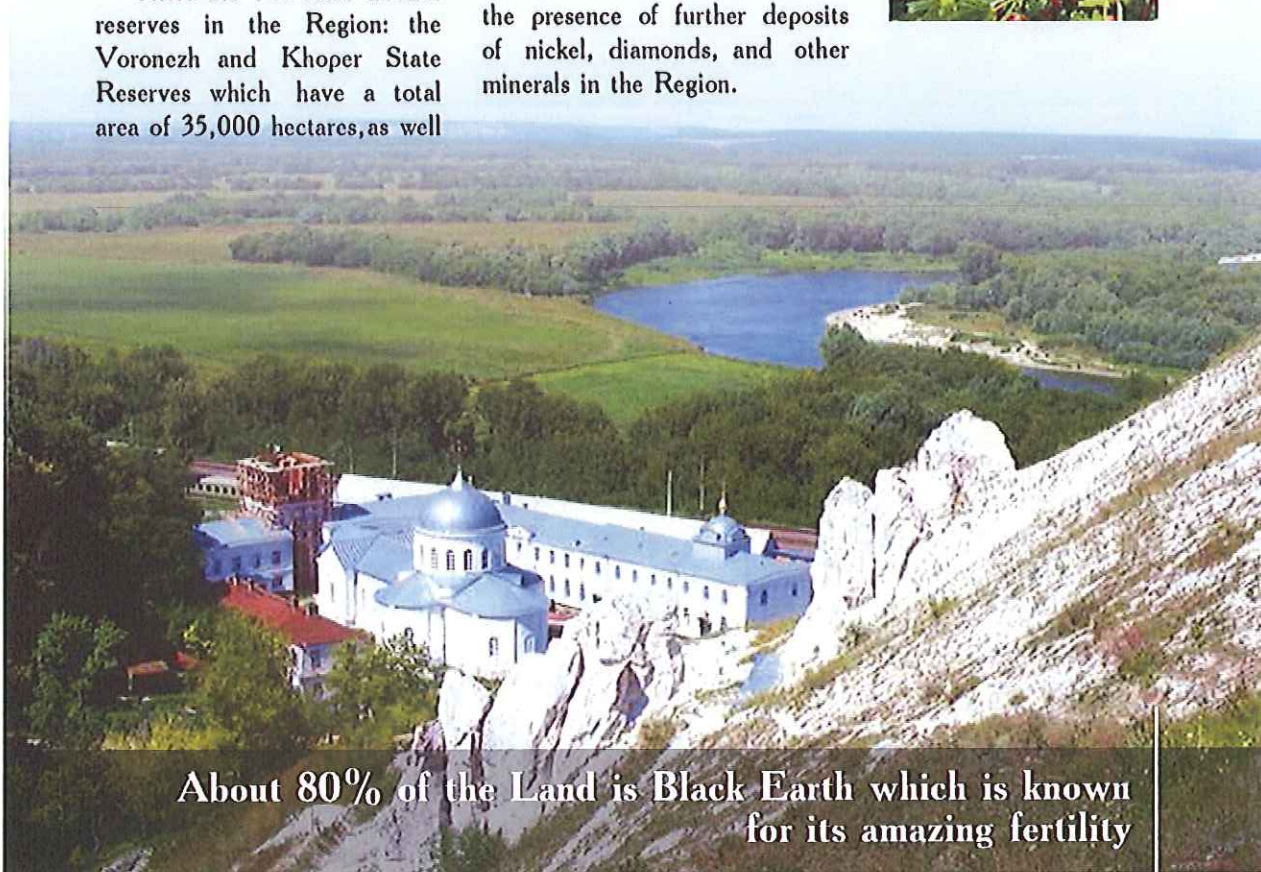
About 80% of the land is «Black Earth» which is known for its amazing fertility.

There are two state natural reserves in the Region: the Voronezh and Khoper State Reserves which have a total area of 35,000 hectares, as well

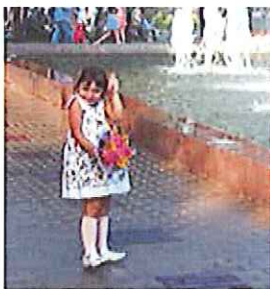
as a hunting reserve complex with an area of 16,900 hectares, and a federal hunting reserve and seventeen regional hunting farms.

The Region is rich in minerals, particularly high-quality raw materials for cement production, fire-proof clay, sand, construction stone, mineral paint, and chalk. Recently discovered deposits of copper and nickel in the future can be used for industry.

Also, the Region is perspective for titanium, phosphorite, and kaolin mining, and some initial geological surveys have indicated the presence of further deposits of nickel, diamonds, and other minerals in the Region.



About 80% of the Land is Black Earth which is known for its amazing fertility



The Voronezh Region is one of the most populated regions of the Central Federal District.

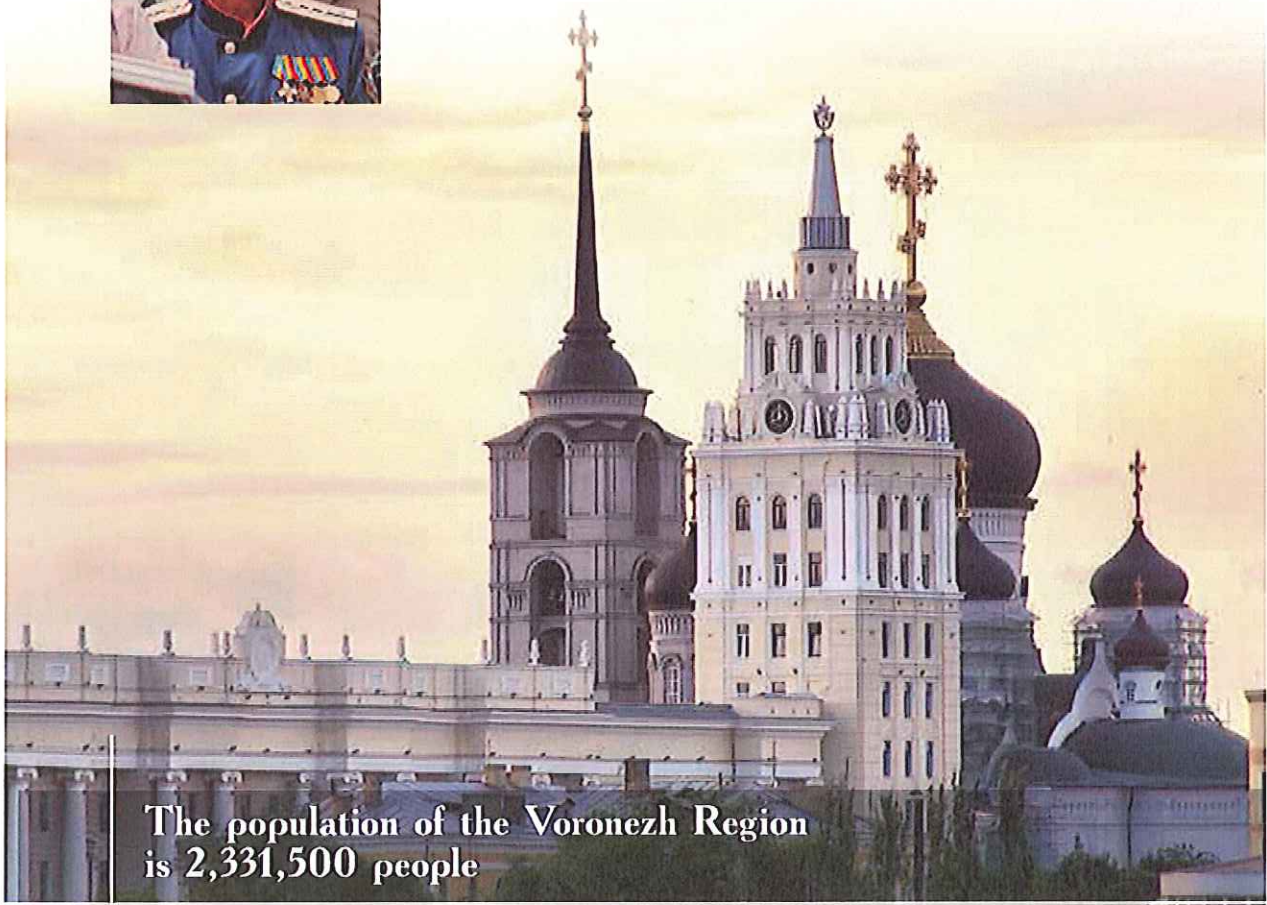
According to the data collected in the beginning of 2012, the population of the Voronezh Region is 2,331,500 people.

The population distribution reveals that 65.9% of inhabitants live in urban areas, while 34.1% live in rural areas. The largest cities of the Region are Voronezh (the capital

of the Region) – 1 000 000 people, Borisoglebsk – 65,300 people, Rossosh – 62,800 people, Liski – 55,100 people.

In 2011, the economically active portion of the population (workforce) represented 48.6% of all inhabitants of the Region.

65,5% of Region's workforce have a professional education, 27% have college degrees and 27% have associate degrees.



The population of the Voronezh Region is 2,331,500 people

Science and Technology Infrastructure



Voronezh has many institutes of higher level professional education that prepare specialists, as well as provide for further training and for raising levels of qualification in the field. These institutes also help to implement scientific research and encourage cultural development.

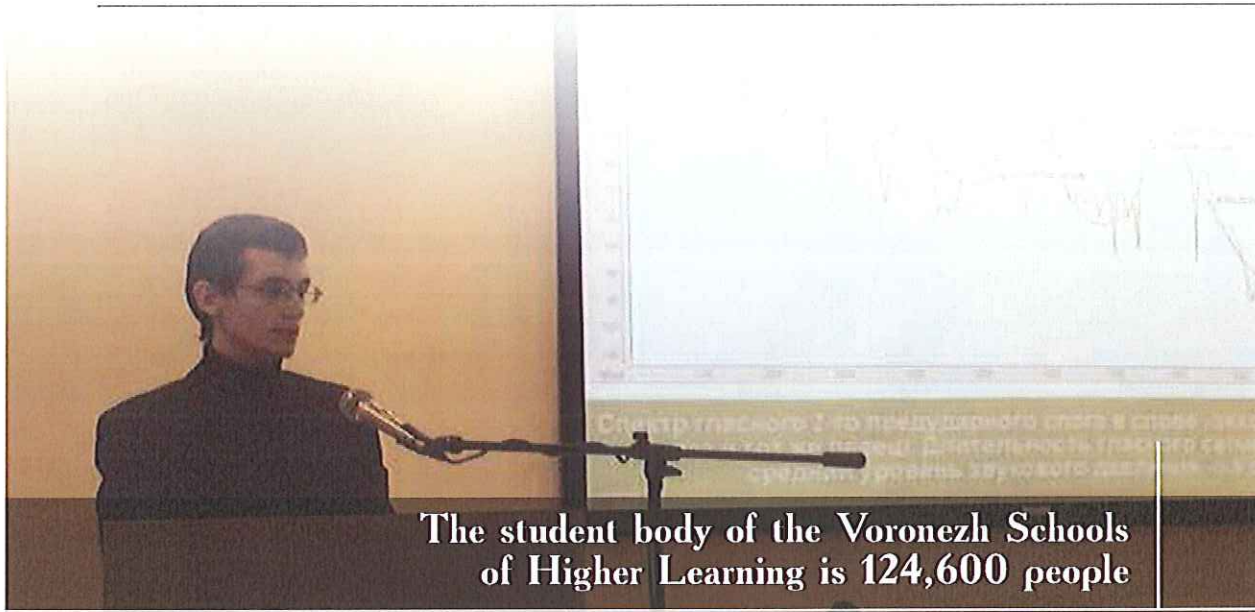
Institutes of higher education in the Voronezh Region include 42 Universities and Institutes (124,600 students). Among these there are 27 state, 1 municipal, 1 regional and 15 commercial Schools of Higher Education.

8 000 teaching instructors work at the Universities. Among these, there are about 1 000 professors with Ph.D. degrees, 4 454 doctoral candidates, 744 full professors and 2 508 senior lecturers.

29 200 specialists graduate annually from these institutes of higher education in the Voronezh Region. Approximately 1 500 foreign students, post-graduate students and trainees from over 80 countries from the Americas, Europe, Asia and Africa attend seven institutes of higher education in the Voronezh Region.

There are more than 60 scientific research institutes and design engineering departments in the Region.

Many institutes have cooperation agreements with Universities in Europe, America, and Asia, and actively work with many international organizations, funds and programs.



The student body of the Voronezh Schools of Higher Learning is 124,600 people



The Voronezh Region is one of the industrial centers of Russia. 200 000 people are employed in the industrial sphere.

The Region is one of the top producers in the Central Federal District in the following goods: 70% of all synthetic rubber, 55% of all low-powered electric motors, 30% of all automobile tires, 25% of all mineral fertilizers and 13% of all ceramic tiles.

There are over 5 300 various industrial enterprises in the Region,

300 of which can be classified as either large or medium.

The Region produces the wide-body jets «IL-96» (the only production in the country) and «AN-148», rocket engines, unique ore-dressing equipment for oil and gas production, electrical equipment, electronic and optical equipment, excavators, forge-and-pressing machines, flame-resistant products, modular wall constructions, cement, metal and concrete products and constructions, and fiber-optic cable.



There are over 5 300 industrial enterprises of various activity categories in the Region

Industrial Agriculture



Industrial Agriculture comprises one of the most important sectors in the economy of the Voronezh Region. Industrial agriculture produces 13% of the Gross Regional Product (GRP). 160,800 people or 15.2% of labor force in the Voronezh Region are employed in agriculture.

The Voronezh Region is a leading supplier of foods in the Central Federal District. In 2012, the Region was the 1st largest milk producer, 2nd meat and poultry producer (after the Belgorod Region), the 3rd largest egg producer (after the Belgorod and Yaroslavl Regions).

The Voronezh Region produces 12.8% of all milk in the Central Federal District, 9.7% of all meat and poultry and

8.5% of eggs.

The Region produces 56.2% of all vegetable oil and 20% of all granulated sugar in the Central Federal District, as well as candy, baked goods, pasta, vegetable oil and lard, mayonnaise, alcohol and alcoholic drinks.

The overall area owned and operated by collective farms, farming enterprises and private farm holdings is 4.0 million hectares including tilled soil of 3.0 million hectares, among which crop acreage represents about 2.4 million hectares. On average each agricultural enterprise works 3,600 hectares of tilled soil while each farming enterprise works on average 160 hectares of tilled soil.



The overall area owned and operated by collective farms, farming enterprises and private farm holdings is 3812,6 thousand hectares

Financial Infrastructure



The Voronezh Region has a well-developed financial infrastructure. There are numerous banks, funds, insurance companies and consulting firms in the Region. The number of lending organizations in the Region is 98. Lending organizations also operate an additional 773 branch offices in the Region.

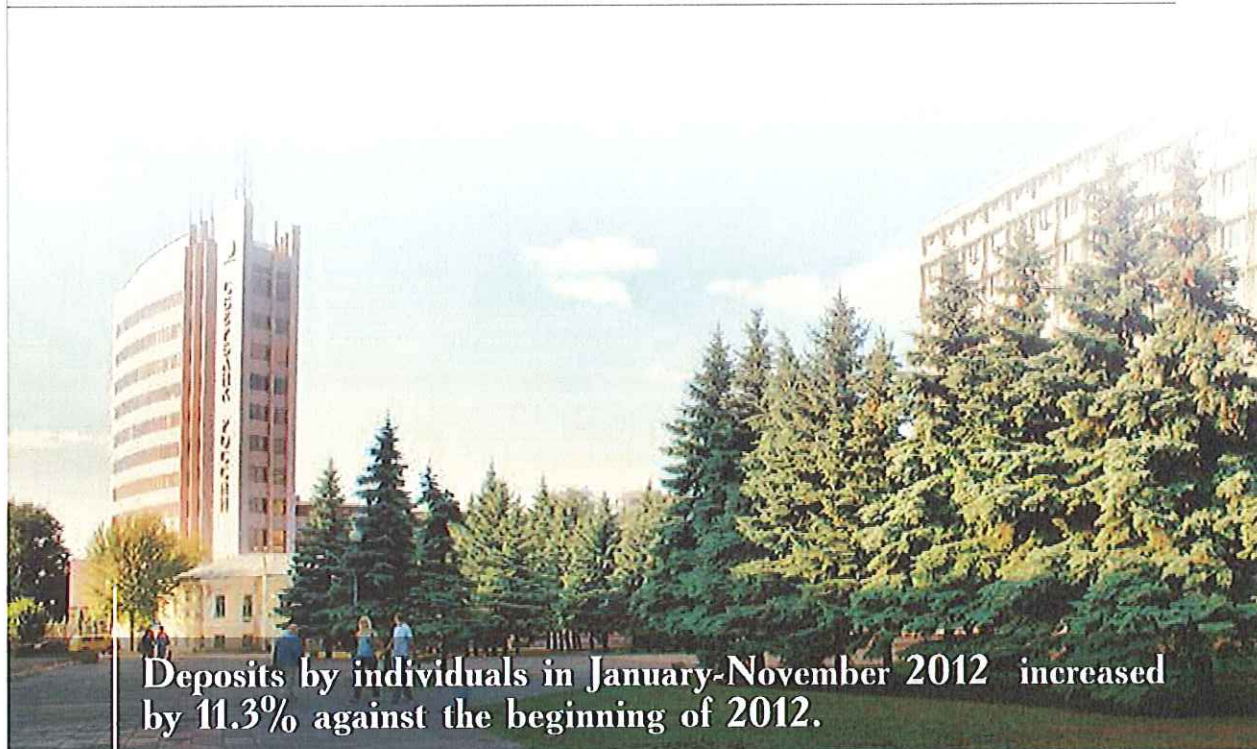
A major part of all banking sector activity is focused on loans.

As of December 1, 2012, the Voronezh Region was ranked 3rd among the regions of the Central Federal District after the City of Moscow and the Moscow Region.

As of December 1, 2012, the Region's lenders have 302,3 billion

rubles lent out (29.4% increase against the beginning of 2012).

As of December 1, 2012, the lending organizations of the Region obtained 227,9 billion rubles, which makes 110.9% to the level of the beginning of 2012. Deposits by individuals made 71.6% of the whole sum of obtained funds and increased by 11.3%.



Deposits by individuals in January-November 2012 increased by 11.3% against the beginning of 2012.

Small Business



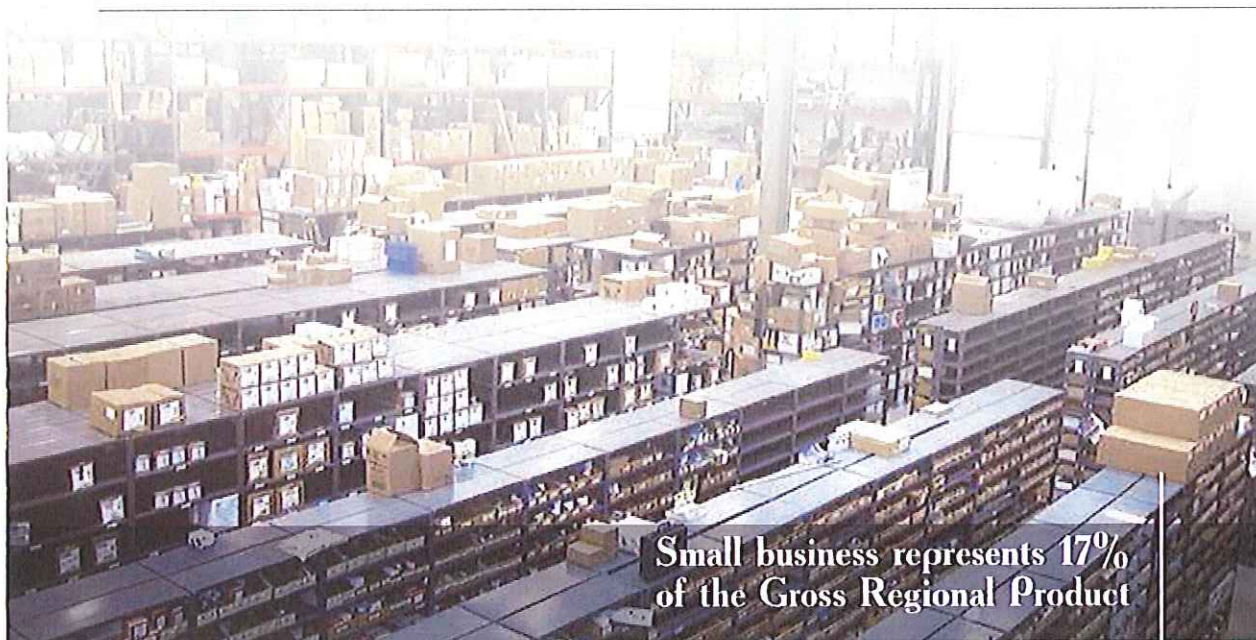
At present small business is one of the most rapidly developing sectors of activity in the Region. The Region demonstrates its competitiveness and high level of production development with 3,490 small businesses registered in the Region, employing 150,100 people, and 55,600 sole proprietors.

Small business represents about 17% of the Gross Regional Product. This sector covers many spheres of economic activities, such as:

- wholesale/retail sales and the service sector (30%);
- construction (12.8%);
- processing sector (13.9%);
- real estate and rental activities (20%), etc.

The Region is presently engaged in a pilot program of the development of four technology parks, «Sodruzhestvo»

«Mitem» «Kalininski», and «Kosmos-Neft-Gaz» providing places for small innovative companies to produce electronics and radio equipment. The technology parks work on the development of new medical and diagnostic equipment and equipment for the oil and chemical industries. These enterprises focus on the development and implementation of nano- and bio technologies, as well as information technologies.



Small business represents 17% of the Gross Regional Product



Each year the Government of the Region welcomes more than 100 delegations from different countries with the goal of encouraging the development of retail, scientific, and cultural cooperation, establishing business contacts with local companies, and completing of local government projects and programs.

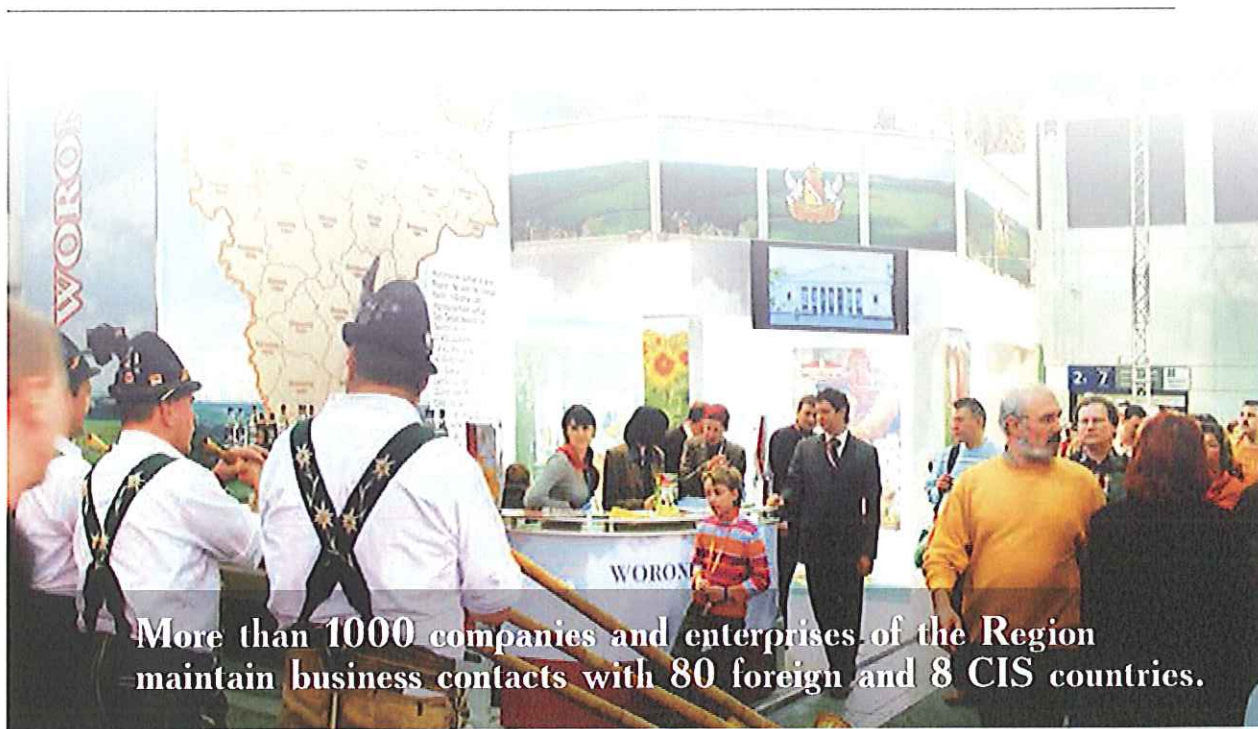
Social, cultural and economic exchange between the Region and such countries as Germany, Spain, Denmark, Austria, China, Great Britain, the Czech Republic, Italy, France, Hungary, Bulgaria, the US, India, Ukraine, Byelorussia, and Kazakhstan is growing.

According to official customs statistics of 2012, external trade

for the Region accounts for \$2,836,800,000, which is 20.2% more compared to the level of 2011.

Exports account for 56.2% of external trade, while imports account for 43.8%. About 1000 companies and enterprises of the Region maintain business contacts with over 80 foreign countries and 8 countries of the CIS.

As of the beginning of 2012, there are over 140 active joint ventures in the Region.



More than 1000 companies and enterprises of the Region maintain business contacts with 80 foreign and 8 CIS countries.

Innovation



The Region's economy has both a highly qualified production and scientific and technical potential, capable of independent scientific research and fast development of production of new machinery.

The Region is actively engaging in activities focused on stimulating innovation, starting with government incentives to the existing and newly established innovation companies, and concluding with raising public awareness of innovation by way of regional contests, forums and seminars. In recent years, the Region's legal framework has been developed to support and encourage innovation.

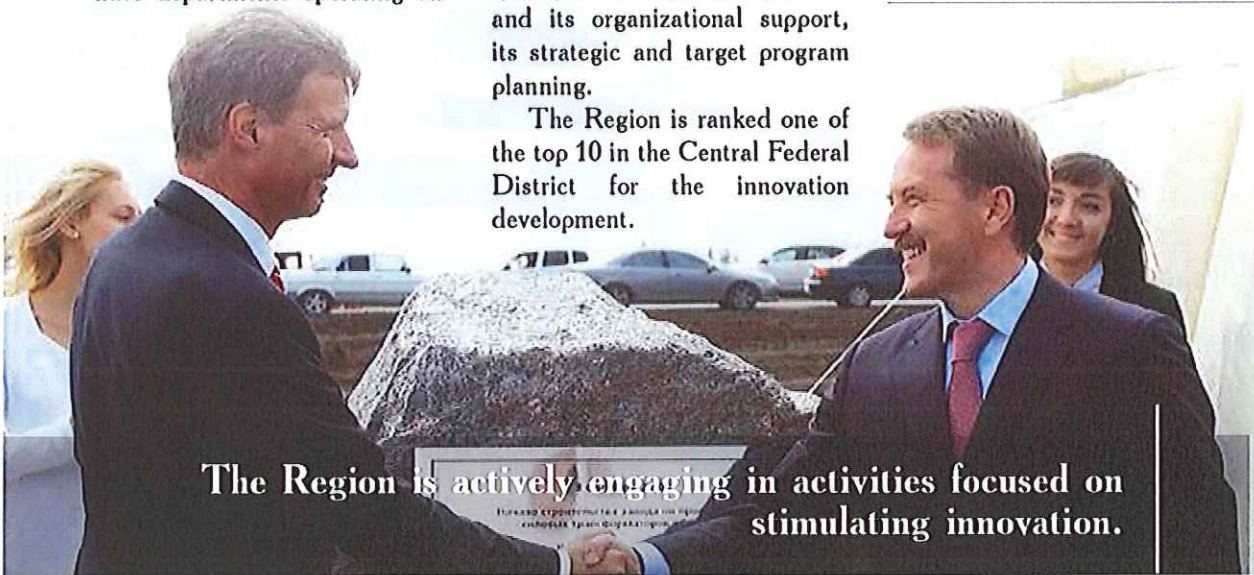
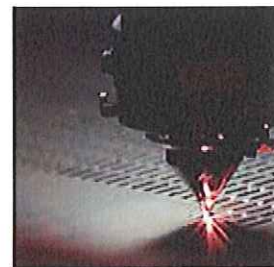
Much work is being done to integrate university research and industrial enterprises. Many universities and colleges already have departments operating on-

site in leading local companies; industrial parks are being established.

There are more than 70 small enterprises active in the Region's technology parks now. These companies show marked increase in the areas of research and advanced development and production of science-intensive products. Three innovation business incubators have also been established with the Government support.

According to the opinion of the National Research University "Higher School of Economics", as of the end of 2010, the Region was ranked 1st in the nation for the "quality of innovation policy" index. This index determines the volume of budget costs for the development of innovation, quality of the regional legal base and its organizational support, its strategic and target program planning.

The Region is ranked one of the top 10 in the Central Federal District for the innovation development.



The Region is actively engaging in activities focused on stimulating innovation.

Investment Activity



Some of the characteristics that most attract investment to the Voronezh Region are:

- Rich «Black Earth» soil
- Large reserves of minerals
- Strong production capacity
- Government's openness and progressive legislation

- Highly-skilled workforce

• Innovation potential and a wide-range of possibilities for investment projects.

In the Voronezh Region, at present there have been major investments made in projects in industry, agriculture, construction industry, transportation, and logistics, of both regional and interregional importance.



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The Voronezh Region Government incentives for investors:

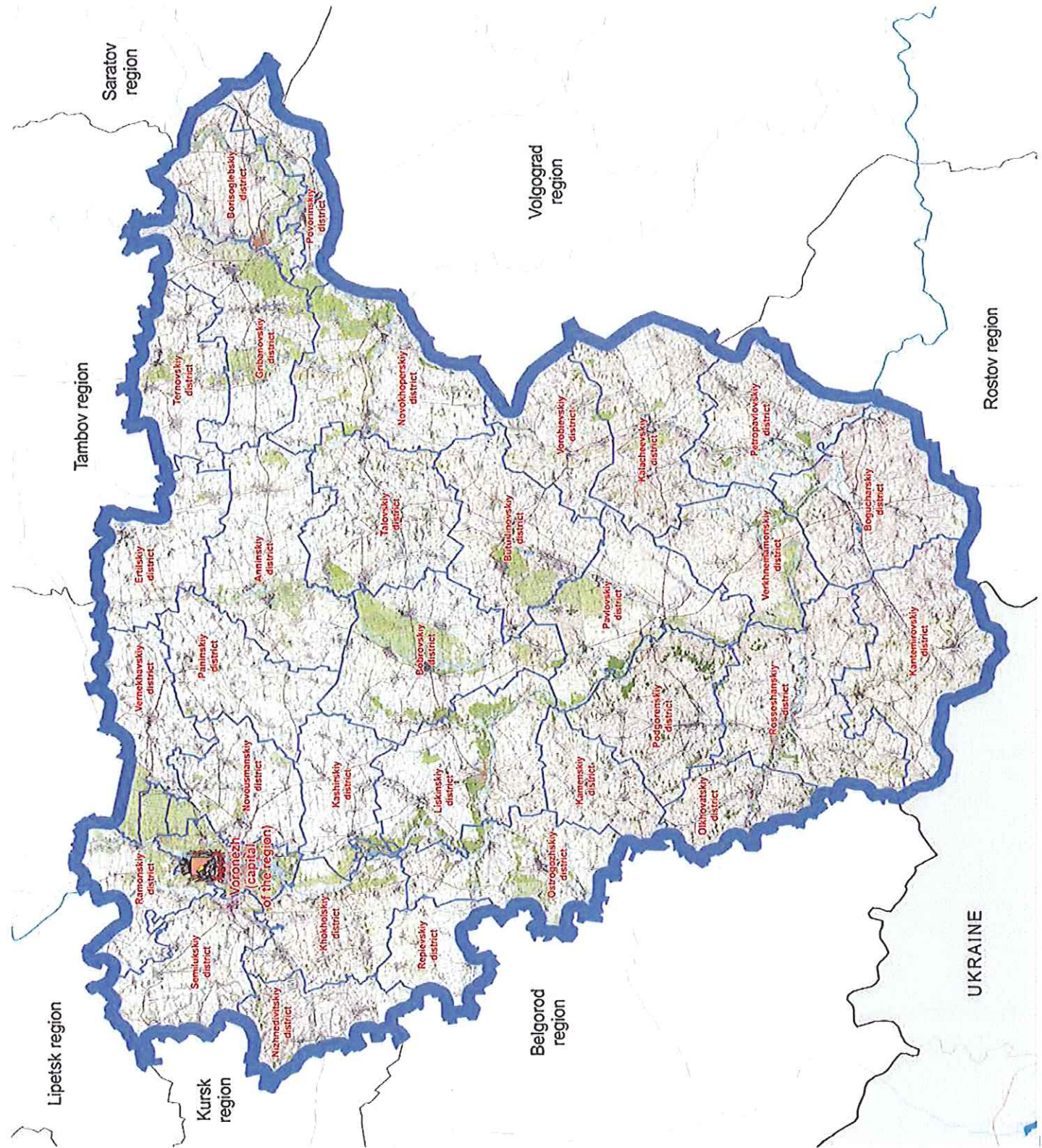
- Providing aid and support for investors involved in particularly significant investment projects: property and income tax reductions, as well as payment plans in the form of deferrals and installment plans, and investment tax credits.
- Providing investors with preferential conditions for use of land and other natural resources.
- Providing information support for investment activity.
- Participation in the development of investment projects.
- Participation in the financing of in-

vestment projects through local government funds in accordance with applicable law.

- Providing investors with subsidies from the regional budget to pay part of the interest on loans from Russian credit institutions.
- Co-financing from local government funds of local construction of social and engineering infrastructure.

The Region makes available to investors land plots with ready engineering and transport infrastructure for the establishment of new productions in the Voronezh Region Industrial Parks «Maslovsky», «Bobrovsky», «Liskinsky», «Perspektiva».





Saratov region

Volgograd region

Tambov region

Rostov region

Lipetsk region

Kursk region

Belgorod region

UKRAINE

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