



Severstal



# Investment potential of Cherepovets

2017



# CHEREPOVETS IS THE LARGEST INDUSTRIAL CENTER OF THE NORTH-WEST OF RUSSIA



## ADVANTAGES OF THE CITY:



FAVOURABLE LOGISTICS



PREFERENCES FOR INVESTORS



SKILLED PERSONNEL



TRADITIONS OF AN INDUSTRIAL CITY



ONGOING PRODUCTIONS



ECONOMIC DEVELOPMENT

## CHEREPOVETS RANKING:

**РБК** : 12 place

«The fastest growing cities ranking», 2015

**Forbes** : 13 place

«30 best cities for business in Russia», 2013





# MAIN ECONOMIC, SOCIAL AND GEOGRAPHIC FACTORS

**122** km

CITY AREA

**319**

thousand

POPULATION

**130** billion

billion

CAPITAL INVESTMENT IN THE LAST 5 YEARS, ROUBLE

**600** km

km

REMOTENESS FROM MOSCOW AND ST.-PETERSBURG

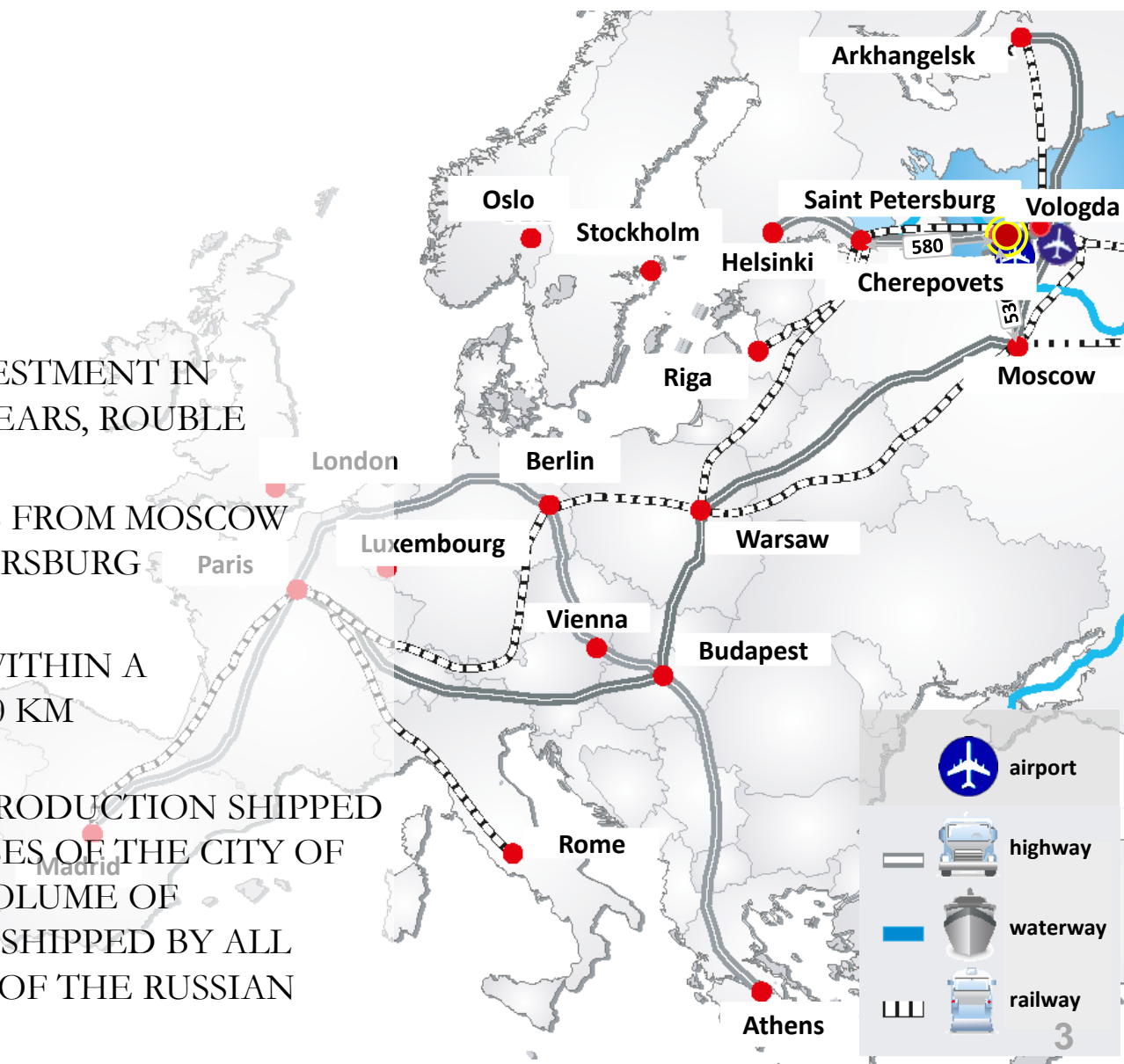
**50** million

million

HABITANCY WITHIN A RADIUS OF 600 KM

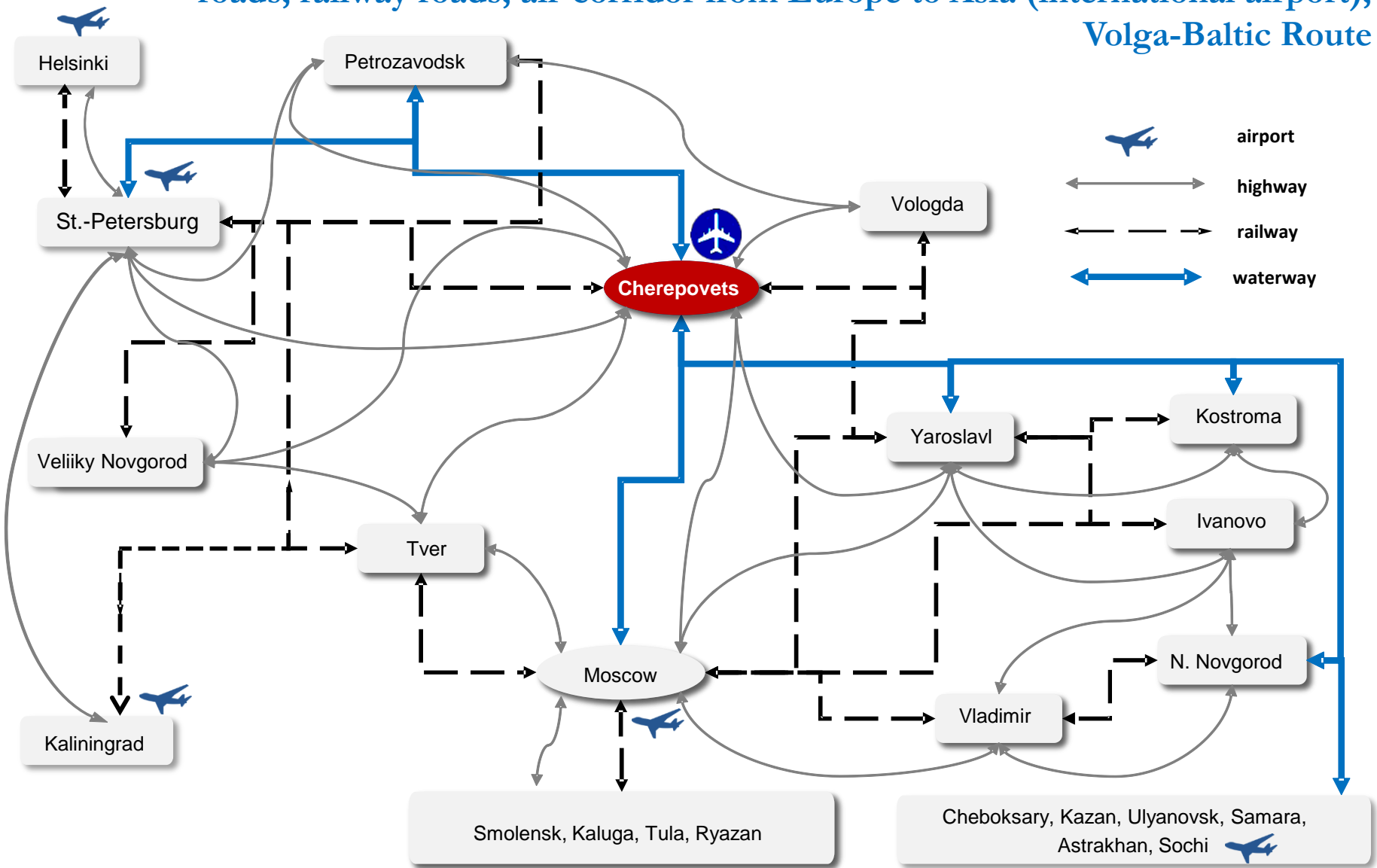
**1,2%**

VOLUME OF PRODUCTION SHIPPED BY ENTERPRISES OF THE CITY OF THE TOTAL VOLUME OF PRODUCTION SHIPPED BY ALL ENTERPRISES OF THE RUSSIAN FEDERATION





The city is located at the junction of all types of transportation lines: federal roads, railway roads, air-corridor from Europe to Asia (international airport), Volga-Baltic Route





# A defining role in the city's economy play metallurgical and chemical industries, i.e. 87,8% of the overall production volume

steel, rolled steel products, steel structures and construction materials

PAO «Severstal» (JSC «Cherepovets Steel Mill», JSC «Severstal-metiz» and other companies of «Severstal Russian Steel» division)

66 %

METALLURGICAL PRODUCTION

CHEMICAL PRODUCTION

21,8 %

phosphate raw material and phosphoric fertilizers

JSC «PhosAgro-Cherepovets»

equipment, automotive engineering

OJSC «Cherepovets casting and mechanical plant», «SSM-Tyazhmash» LLC, Chelyabinsk Steel Structure Plant, JSC

4,3 %

ENGINEERING

WOODWORKING

1,3 %

plywood, wood chipboard

«Cherepovets plywood and furniture plant» JSC

CJSC «Russian biscuit», JSC «Cherepovets meat-processing plant», JSC «Cherepovets dairy plant», Fat and oil processing plant

1,3 %

FOOD PRODUCTION

OTHER

5,3 %



# STRATEGIC GOAL UP TO 2022:

## CHEREPOVETS IS A SUCCESSFUL AND ECONOMICALLY DEVELOPED CITY

STRATEGIC DIRECTIONS

TERRITORY DEVELOPMENT

ECONOMIC DEVELOPMENT

HUMAN DEVELOPMENT

1

2

3

- ✓ Comfortable urban environment
- ✓ Efficient housing and utilities infrastructure
- ✓ Modern information technologies

- ✓ Primary industry development
- ✓ Small and medium entrepreneurship development
- ✓ Increase of investment attractiveness

- ✓ Well-educated city
- ✓ Healthy city
- ✓ Civilized city
- ✓ The city of a developed civil society

IMPLEMENTATION TOOLS



MUNICIPAL PROGRAMS

Examples:



«Support and development of small and medium entrepreneurship in Cherepovets» for 2013 – 2017

«Increasing investment attractiveness of Cherepovets» for 2014 – 2018

\* \* Approved by the Mayor's office regulation «On Cherepovets development strategy approval up to 2022 «Cherepovets is the city of possibilities» dd. 08.07.2013 № 3147



## There are two business support institutions in Cherepovets for economic development assistance:



INVESTMENT AGENCY  
«CHEREPOVETS»



URBAN  
DEVELOPMENT AGENCY



CHEREPOVETS  
MAYOR'S OFFICE



### FOUNDERS

## THE MAIN TASK OF THE AGENCIES IS CREATING CONDITIONS FOR ENTREPRENEURSHIP AND INVESTMENT ACTIVITY DEVELOPMENT



«ONE-STOP  
SERVICE» FOR  
INVESTORS



PRIORITY PROJECT  
PROGRAM



GUARANTEE  
AND PLEDGE  
FUND



ELECTRONIC  
BUSINESS  
COOPERATION



COORDINATION  
COUNCIL



INVESTMENT  
COMMITTEE OF THE  
MAYOR'S OFFICE



INVESTMENT  
CONSULTING  
CENTER



INVESTMENT  
COMPASS



# INTERNATIONAL COOPERATION CENTER – INTERNATIONAL PRODUCTION COOPERATION



Searching for reliable partners for establishing joint ventures

Localization of manufacturing in Russia (Cherepovets) 'turn-key production'

Center for International Certification and Standardization

School of Export (training on export for the beginners)

Organization of international conferences and forums

Organization of business missions

The guarantee of communications is the administration of Cherepovets





## CENTRE FOR INTERNATIONAL CERTIFICATION AND PRODUCT TESTING

February 2017 – the kick-start of the project between «KipMetService Ltd. (Cherepovets) and VTT EXPERT SERVICES OY (Finland)

**Goal:** to facilitate the entry of Russian companies to foreign markets.





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# Investment sites and projects of Cherepovets





# AREAS FOR DEVELOPMENT

## «NORTHERN SITE» 200 HA

ФОНД  
РАЗВИТИЯ  
МОНОГОРДОВ

**INDUSTRIAL PARK  
CHERPOVETS  
GREENHOUSE COMPLEX  
DAIRY CHEESE PLANT  
MECHANICAL ENGINEERING**

## «EASTERN SITE» 30 HA

**SHIPYARD  
SHIP REPAIR**

## «SOUTHERN SITE» 300 HA

**HI-TECH PARK  
MECHANICAL ENGINEERING  
WOODWORKING  
BIOTECHNOLOGY  
FOOD PROCESSING  
INDUSTRY**

## «CENTRAL SITE» 27 HA

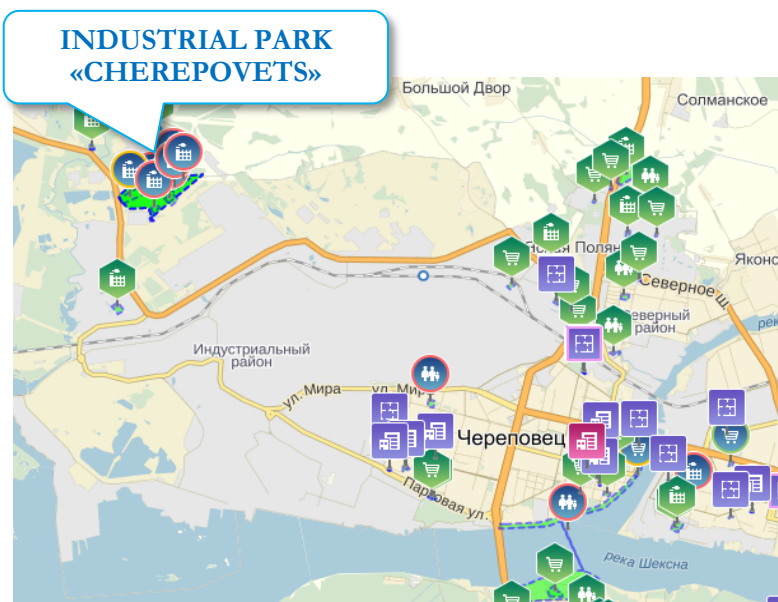
**THE CENTRAL QUAY  
THE GALSKY MANOR**





# NORTHERN INDUSTRIAL SITE. INDUSTRIAL PARK «CHEREPOVETS»

**Conception:** providing favorable conditions for development of small and medium business entities on the basis of organization of modern productions of traditional specialty and new segments of regional economy in a new industrial cluster



# 54,74 HA

TOTAL AREA OF THE INDUSTRIAL PARK «CHEREPOVETS»

# 150 HA

PROSPECTIVE DEVELOPMENT OF A SITE

✓ LAND PLOTS AVAILABLE FOR RESIDENTS

✓ UTILITIES DROP POINTS – ON BOUNDARIES OF LAND PLOTS



ФОНД РАЗВИТИЯ МОНОГОРОДОВ

879,3 million rouble – co-financing the construction of engineering and transport infrastructure (Single-industry city development fund)

# ANNOUNCED RESIDENTS



Chipboard plate and building panel plant

234 3 602



Emulsol plant

75 205



Plant of building metal structures

170 700



Plant of loose and ore materials

150 300



New jobs



Investments, million rub



- Land plots occupied by residents

- Vacant land plots



## LAND PLOT COST

from **0,26** € /M<sup>2</sup> LAND PLOT RENT PRICE PER YEAR

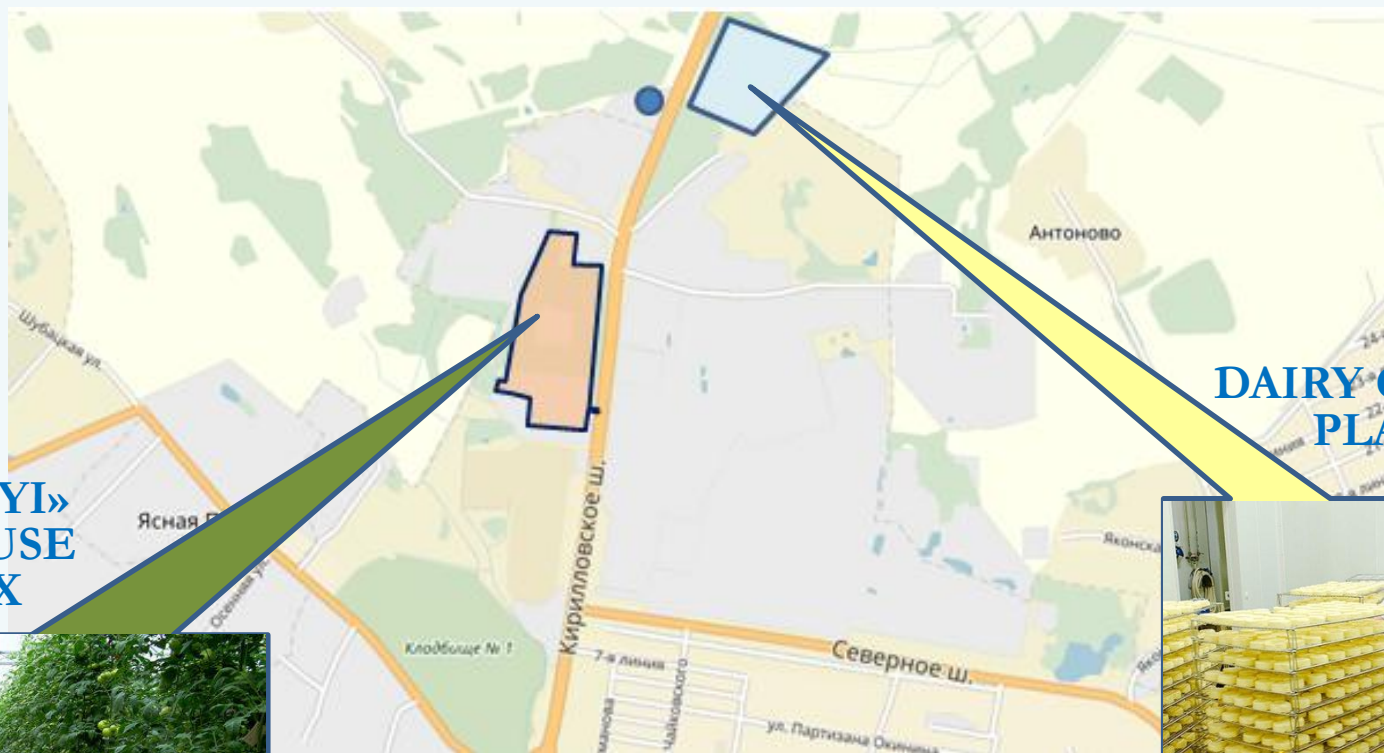
Approx **2,6** € /M<sup>2</sup> LAND PLOT REDEMPTION VALUE

## DESIGNED CAPACITY OF A PROJECT

natural gas	7000 m3/h	railway transport	23 rail cars/day
electric supply	26 Megawatt	motor transport	124 cars/day
water supply	72 m3/h	utilities drop points	on boundaries of land plots of residents



# NORTHERN INDUSTRIAL SITE. NORTHERN ENTRANCE TO THE CITY



THE «NOVYI»  
GREENHOUSE  
COMPLEX

DAIRY CHEESE  
PLANT



✓ LAND PLOTS  
AVAILABLE FOR  
RESIDENTS

94 2300

New jobs

38 341

Investments,  
million rub 15



# Organize your business in the territory of «Severstal-metiz» - an international company which unites metal assets of PAO «Severstal»

100 Ha

TOTAL AREA OF A PRODUCTION ZONE

>60

SMALL AND MEDIUM BUISINESS RESIDENTS



DEVELOPED ENGINEERING AND TRANSPORT INFRASTRUCTURE



FAVORABLE CONDITIONS OF LEASE AND PURCHASE OF PRODUCTION AREAS AND BUILDINGS



SECURED AREA

Distance to the city center: 5,9 km.  
Transport connection with the city housing development

Distance to the nearest federal highway (A-114 Vologda — Novaya Ladoga): 13 km, railway lines

Distance to the nearest international airport: 23 km

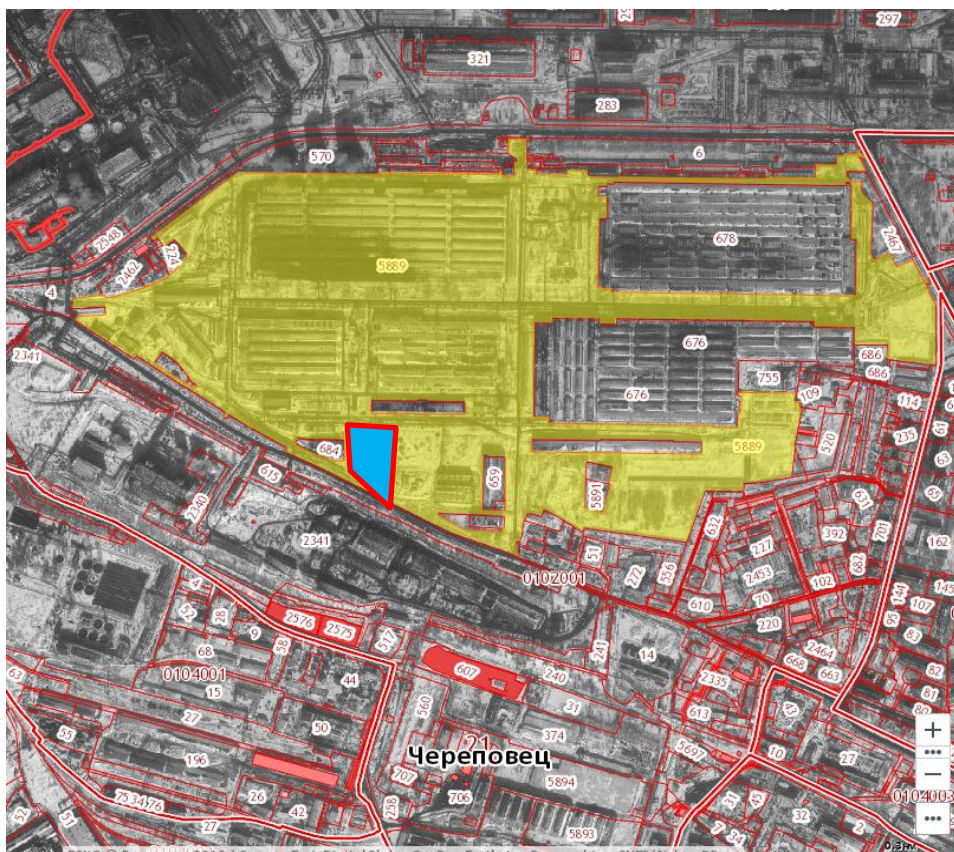






# JSC «Severstal-Metiz» proposes the following freestanding building for lease / sale in the industrial site of Cherepovets

Three-storey building with the total area of 6000 sq. m  
Possibility to lease 4 ha premises



### INFRASTRUCTURE FACILITY CAPACITY:

NAME OF RESOURCE	UNIT OF MEASURE	PRESENCE/ VALUE OF RESOURCE
Electricity	megawatt	4,8
Gas supply	m3/hr	available
Heating	Gcal	available
Drinking water	m3/hr	available
Sanitary sewer system	m3/hr	available
Railway transport	wagons/week	2-3
Motor transport	cars/day	5-10
Frame crane	tons	5
Frame crane	tons	2
Electric hoist	tons	1
Electric hoist	tons	1

**Ceiling height  
from 4,8 m up to 10,8 m**



## Photo fixation of buildings and spaces



Former boiler house building  
(administration and amenity block)

Shower rooms



Workshop (ceiling height 4 m)

Workshop (ceiling height 6 m)

**Modern shower rooms,  
administration and amenity blocks (rooms), WC facilities**



## JSC «Severstal-Metiz» proposes the following freestanding building for lease /sale in the Cherepovets industrial site

### Rent and energy cost for residents\*

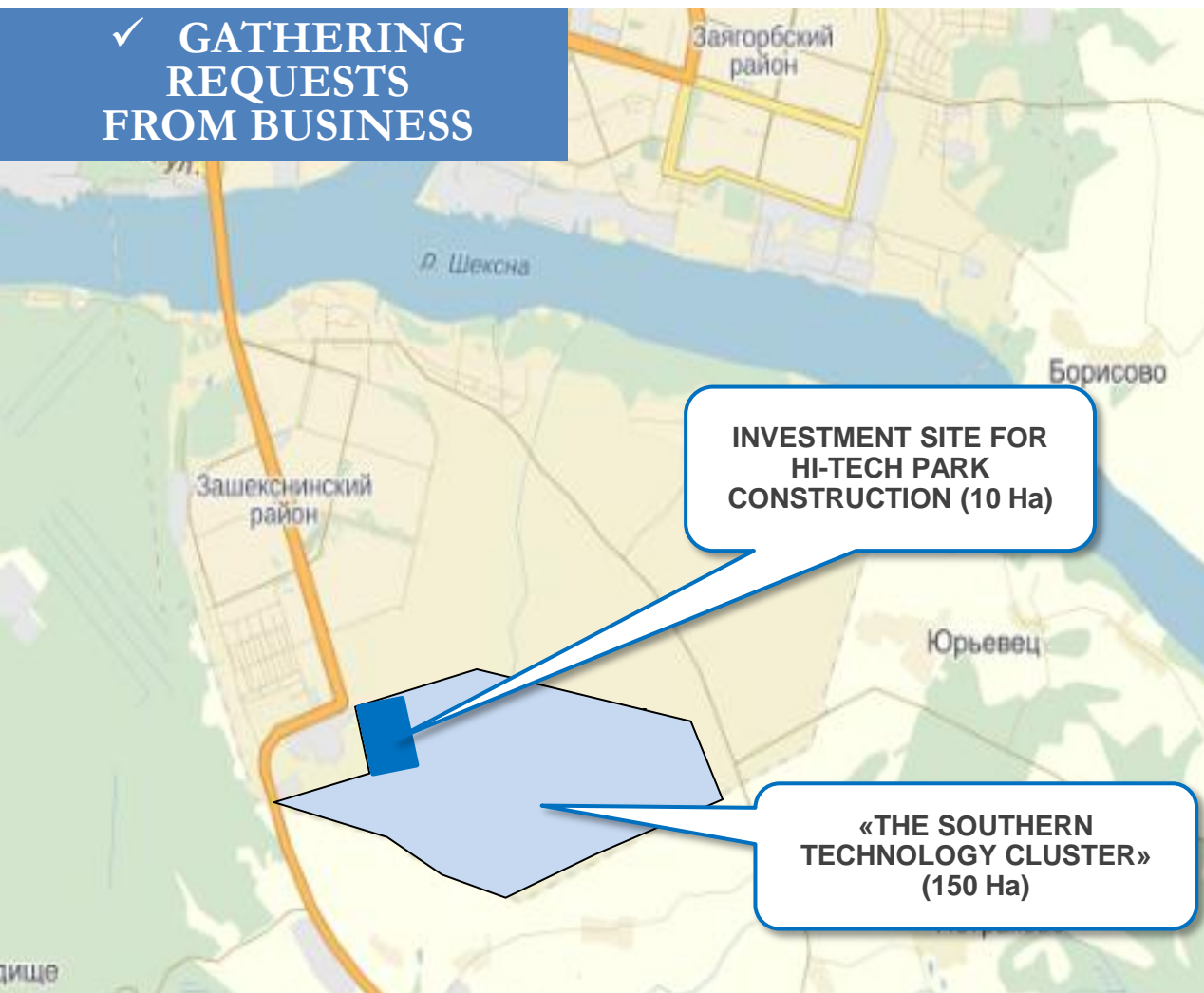
Services rendered	Unit of measure	Unit price	Tax rate	Cost inc. VAT, rouble
Office rental (without utilities)	sq.m./month	178	18%	210
Production space rental (without utilities)	sq.m./month	72	18%	85
Electric supply	thousand kWh	3 406	18%	4 019,08
Heat supply	Gcal	797	18%	940,46
Drinking water	thousand cubic meters	17 686	18%	20 869,48
Waste water	thousand cubic meters	15 498	18%	18 287,64

\*resident is a legal entity or a private entrepreneur, a registered taxpayer of Vologda region which leases premises/buildings or owns property in the territory of the Cherepovets industrial site of «Severstal-metiz»



## SOUTHERN SITE. THE SOUTHERN TECHNOLOGY CLUSTER

✓ GATHERING  
REQUESTS  
FROM BUSINESS



The cluster conception assumes organization of about 35 enterprises in the sphere of consumer goods, food, engineering and other industries (i.e. productions which do not create environmental pressure).

The cluster area will include a hi-tech park in the sphere of forest industry complex and manufacturing industries which will unite educational, research and development and pilot-scale production sectors.



# HI-TECH COMPLEX SERVES TO UNITE 4 DIRECTIONS:

PROFESSIONAL TRAINING  
OF ENGINEERING AND  
TECHNICAL PERSONNEL



RESEARCH AND  
DEVELOPMENT



PILOT PRODUCTION



SERVICE



**TOTAL AREA OF SPACES: 6 818 SQ. M. (RENTABLE SPACE 5 050 SQ. M.)**

- ✓ Professional competence center
  - classrooms
  - meeting rooms
  - administration block spaces
- ✓ Youth innovation creativity center
- ✓ Education and production classrooms and laboratories
- ✓ Forest museum

- Russian engineering timber industry production center
- Center of timber industry production certification, standardization and testing
- Prototyping center and consultant engineering agency on fire protection technologies

- ✓ Spaces for pilot production
- ✓ Education and production classrooms
- ✓ Cherepovets Integrated Engineering Competence Center

- Telecommunication service (Internet, telephone, postal service)
- 370-seat conference hall
- Production equipment repair centers
- Office space complex
- Coworking center
- Instant print center
- Hotel complex
- Cafe



Cherepovets State University



Non-profit organization «Wood housing association»



«KIPMETSERVIS», LLC



Joensuu science park (Finland)

METLA

Research forest institute of Finland

Anchor companies of the Cluster: 38 organizations of timber processing complex including JSC “Cherepovets plywood and furniture plant”, OJSC “Sokol wood-working plant” and others



«Vzlet-Cherepovets», LLC



Fund on development of construction and housing and communal services “Finedu Finland”



Cherepovets Technical School, Sokol forest polytechnic school etc



«GorMash-YuL», LLC



DSR International Consulting Group



## CENTRAL SITE.

### TOURIST AND RECREATION CLUSTER «THE CENTRAL QUAY OF THE CITY»

**Conception:** integrated development of coastal territories of the city central part, creation of tourist, public and recreation infrastructure facilities

**WE KINDLY OFFER BUSINESS TO CONSIDER THE POSSIBILITY OF PROJECT IMPLEMENTATION IN THE SERVICE SECTOR: HOTELS, RESTAURANTS, CAFES AND RECREATION CENTERS**



817

Million rouble

Private investment

194

Million rouble

Federal funds

82

Million rouble

Funds of regional and municipal budgets

The cluster is included into The Federal Special Purpose Program in a part of engineering and transport infrastructure construction



# EASTERN SITE. ORGANIZATION OF A SHIPYARD IN THE SHEKSNA WATER AREA

## CONTENT:

### AIM:

creation of a shipyard and development of transregional cooperation in a new segment of regional economy

construction of a repair facility in Cherepovets for river and river-sea going vessels cruising in inland waterways with a lightship weight of up to 2600 tons, length of up to 140 m, width of up to 18 m, with prospects for further development of shipbuilding/ construction of base on production of small size vessels

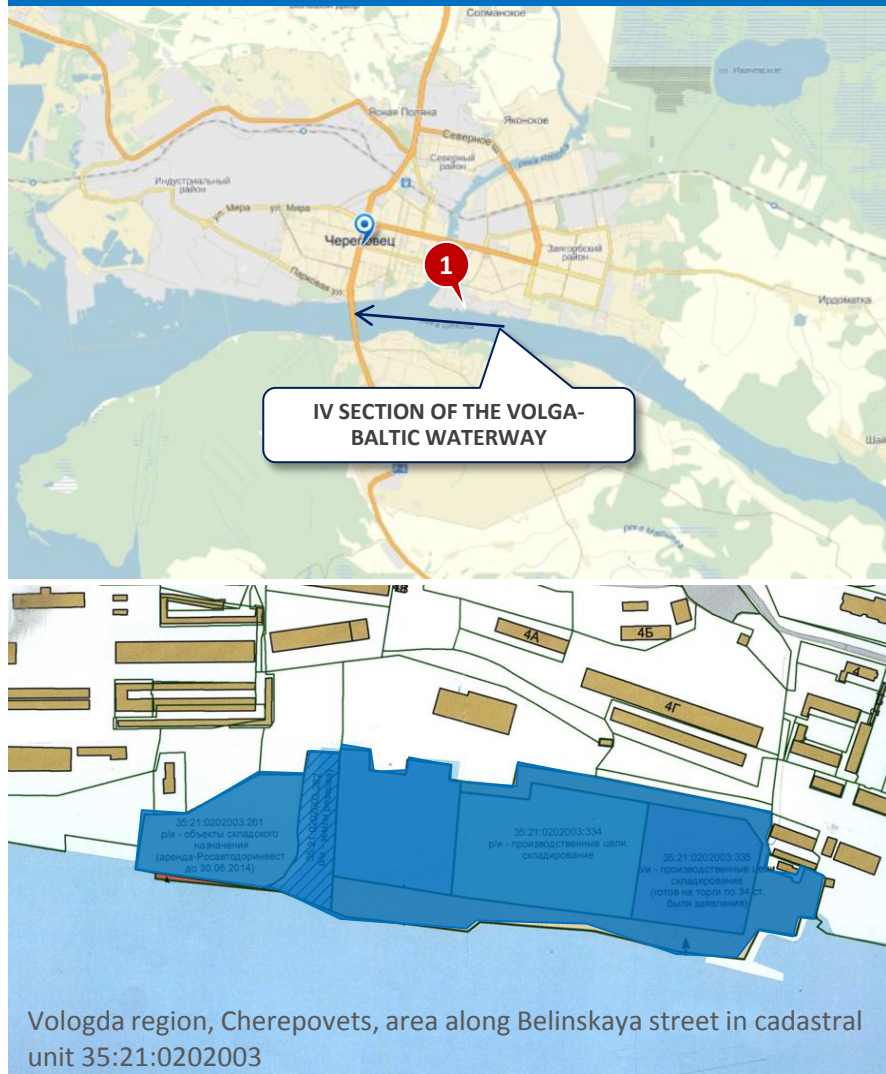
## RESULT:

all vessel repair service/ production of small size vessels



# An investment site of 8,9 Ha on Belinskogo street was reserved for project implementation in Cherepovets

## INVESTMENT SITE



## ADVANTAGES OF THE SITE

Access to the Baltic Sea, the North Sea, the Black Sea, the Azov Sea and the Mediterranean Sea through **the Volga-Baltic waterway** system.

A large industrial port on Rybinsk Reservoir and passenger port on the Sheksna river can provide the shipyard partial load.

Possibility to attract customers of the North-West and the Central part of Russia.

The shipbuilding sector was being historically developed in the city. Since 1947 the Cherepovets Shipyard has been working. Technical capacity of the shipyard allowed to build and repair vessels with a lightship weight of up to 1200 tons.





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# Investment project implementation – support measures





# THE MAIN STAKEHOLDERS

## REGIONAL LEVEL

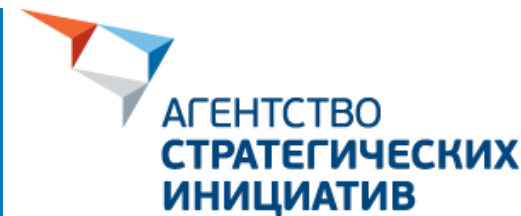


Vologda Region  
Government

## FEDERAL LEVEL



Single-industry city development  
fund



Agency for Strategic Initiatives

## LOCAL LEVEL



CITY  
POPULATION



The Ministry  
of Economic  
Development  
of the Russian  
Federation



The Ministry  
of Industry  
and Trade of  
the Russian  
Federation



The Ministry  
of Culture  
of the Russian  
Federation



The Ministry  
of Transport  
of the Russian  
Federation



# CHEREPOVETS IS A PRIORITY SOCIAL AND ECONOMIC DEVELOPMENT AREA

Ministry of Economic Development of the Russian Federation provides the status of a Priority social and economic development area for single-industry towns. It involves the establishment of a special tax regime for businesses for 10 years.

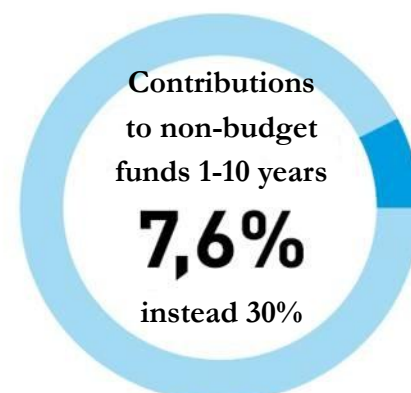
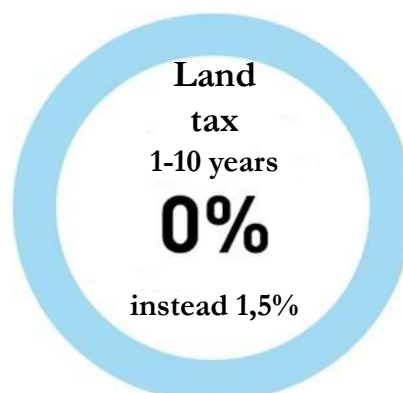
## GOALS :

Formation of an enabling environment to attract investment, to ensure the accelerated development of the economy and creation of favorable conditions for the population.

## WHO CAN BECOME A RESIDENT?

A resident of a Priority social and economic development area can become any enterprise developing its business in Cherepovets with an investment of no less than 20 million rouble within 10 years and creation of minimum 20 jobs within 1st year.

## TAX RELIEFS:



\* this reduced rate of insurance is used in regard to residents which have received such a status not later than within three years from the day of a Priority social and economic development area establishment in a single-industry city



# REGIONAL TAX BENEFITS PROVIDED FOR PRIORITY INVESTMENT PROJECTS

	INVESTMENT VOLUME 100 - 500 MILLION ROUBLE	INVESTMENT VOLUME 500 MILLION - 1 BILLION ROUBLE	INVESTMENT VOLUME OVER 1 BILLION ROUBLE
<b>1</b> Organizations income tax	Lowered to <b>13,5%</b> for <b>3</b> years	Lowered to <b>13,5%</b> for <b>4</b> years	Lowered to <b>13,5%</b> for <b>5</b> years
<b>2</b> Organizations property tax	<b>100%</b> tax exemption for <b>3</b> years	<b>100%</b> tax exemption for <b>3</b> years, later on – tax rate lowered to <b>1,1%</b> for <b>1</b> year	<b>100%</b> tax exemption for <b>3</b> years, later on – tax rate lowered to <b>1,1%</b> for <b>2</b> years
<b>3</b> Transportation tax	<b>100%</b> tax exemption for <b>3</b> years	<b>100%</b> tax exemption for <b>4</b> years	<b>100%</b> tax exemption for <b>5</b> years

For residents implementing an investment project at the total cost of over 100 million rouble and which is included into the List of priority investment projects of the region,  
Decree of the Government of Vologda region "On procedure for forming the list of priority investment projects" dd. 28.10.2013 N 1114



## POSSIBLE PREFERENCES FOR INVESTORS IN CASE OF LAND PLOT ASSIGNMENT

1,5%

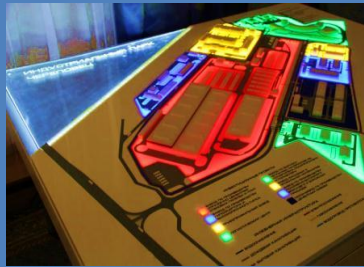
**Fixed basic annual rent in auction setting - 1,5% of land plot cadastral values without the procedure of market price evaluation by an independent assessor**

Decision is made at the Investment committee of the Cherepovets mayor's office for investment projects being implemented in the strategically important direction for economic development of the city



**Obtaining a land plot on lease with no tendering process**

Decision is made at the Investment committee of the Governor of Vologda region for large-scale investment projects of the region



# THE FIRST INTERNATIONAL INDUSTRIAL FORUM CHEREPOVETS. SEPTEMBER 2017

**PURPOSE: ATTRACTING INVESTORS THROUGH THE PRESENTATION  
OF THE INVESTMENT POTENTIAL OF THE CITY**

## DIRECTIONS:

Social and Economic Priority  
Development Area: factors of  
industry development and  
benefits for the investor

The international  
cooperation in the areas  
of woodworking and  
mechanical engineering

Business-cooperation

Certification and  
standardization

New technologies:  
woodworking

Business for export

B2B-negotiations,  
business-tour to the enterprises and investment sites,  
excursions

## 250 PARTICIPANTS:

- enterprises and trade associations of the woodworking and engineering branch of Russia;
- trade representations, branch associations and enterprises of Finland, Germany, Poland, England, Netherlands;
- representatives of business and government development institutions



Severstal



Cherepovets  
Investment  
Agency



АГЕНТСТВО ГОРОДСКОГО  
РАЗВИТИЯ

CONTACTS:

Our team kindly invites You  
for cooperation!

Cherepovets is open  
for investors!



Mayor of Cherepovets  
**Kuzin Yuri Aleksandrovich**  
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mayor@cherepovetscity.ru



Deputy mayor with responsibility for social and  
economic development of the city  
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