

K H A B A R O V S K Y   K R A I

# WIN-WIN STRATEGY

Guiding  
Investor





# WHY INVESTING IN KHABAROVSKY KRAI

01



BENEFICIAL  
GEOGRAPHIC POSITIONING

02



RICH WILDLIFE  
AND RESOURCE POTENTIAL

03



ENVIRONMENTALLY  
CLEAN AREA

04



STABLE SOCIO POLITICAL  
BACKGROUND

05



HIGH RESEARCH  
AND TECHNOLOGY  
POTENTIAL

06



DEVELOPED TRANSPORT  
AND LOGISTICS  
INFRASTRUCTURE

07



DIVERSIFIED INDUSTRIAL  
COMPLEX

08



ACTIVE FOREIGN  
ECONOMIC POLICIES

09



EFFICIENT INFRASTRUCTURE  
FOR INVESTOR SUPPORT  
AND GUIDING

10



PREDICTABLE FINANCIAL  
EFFICIENCY OF INVESTMENT



# GENERAL INFO ON THE Khabarovsk Krai

**T**he Khabarovsk krai is located in the central part of Far Eastern Russia. It borders on the People's Republic of China in the south-west, on the Primorsky krai in the south, and the Jewish Autonomous and the Amurskaya oblasts in the west, the Sakha (Yakutia) Republic in the north-west and north, on the Magadanskaya oblast in the north.

Khabarovsk city as the administrative center of the Khabarovsk krai and the Far Eastern Federal okrug concentrates a great industrial, culture and research potential. The city is a largest transport hub of the region.

MUNICIPAL ENTITIES .....	233
TOWN OKRUGS .....	2
TOWN SETTLEMENTS .....	23
MUNICIPAL RAYONS (DISTRICTS) .....	17
RURAL SETTLEMENTS .....	191
KRAI POPULATION .....	1 338 305
URBAN POPULATION SHARE .....	82 %
KHABAROVSK CITY RESIDENTIAL POPULATION .....	607 216
KOMSOMOLSK-NA-AMURE RESIDENTIAL POPULATION .....	253 030



# 1 780 km

from north to south  
of the Khabarovsk  
krai

# 780 km

from west to east  
of the Khabarovsk  
krai

# 787 633 km<sup>2</sup>

makes the Khabarovsk krai  
area, 4.6 % of Russia's total



**KOMSOMOLSK —  
AMURSK — SOLNECHNY  
INDUSTRIAL ZONE**

Aircraft and watercraft  
manufacturing, heavy  
engineering, defense  
industry, ferrous metallurgy,  
non-ferrous ore mining, oil  
processing, electric power  
engineering, logging and  
wood processing, food  
industry



**VANINO — SOVESTKO-  
GAVANSKY TRANSPORT  
AND INDUSTRY NODE**

Sea ports, harvesting and  
processing of water biolog-  
ical resources, logging and  
wood processing, construc-  
tion industry, oil processing,  
vessel repair



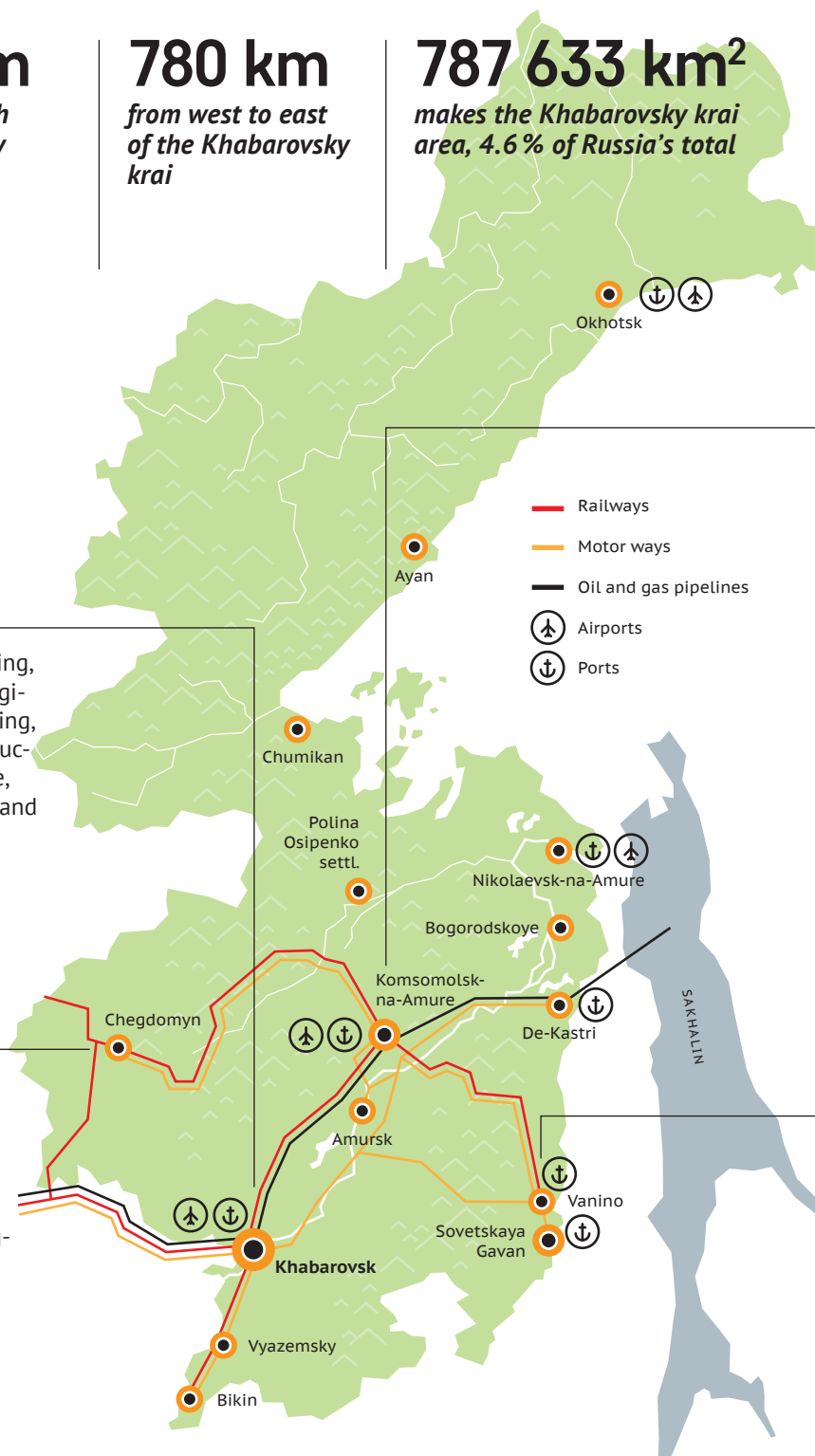
**KHABAROVSK  
AGGLOMERATION**

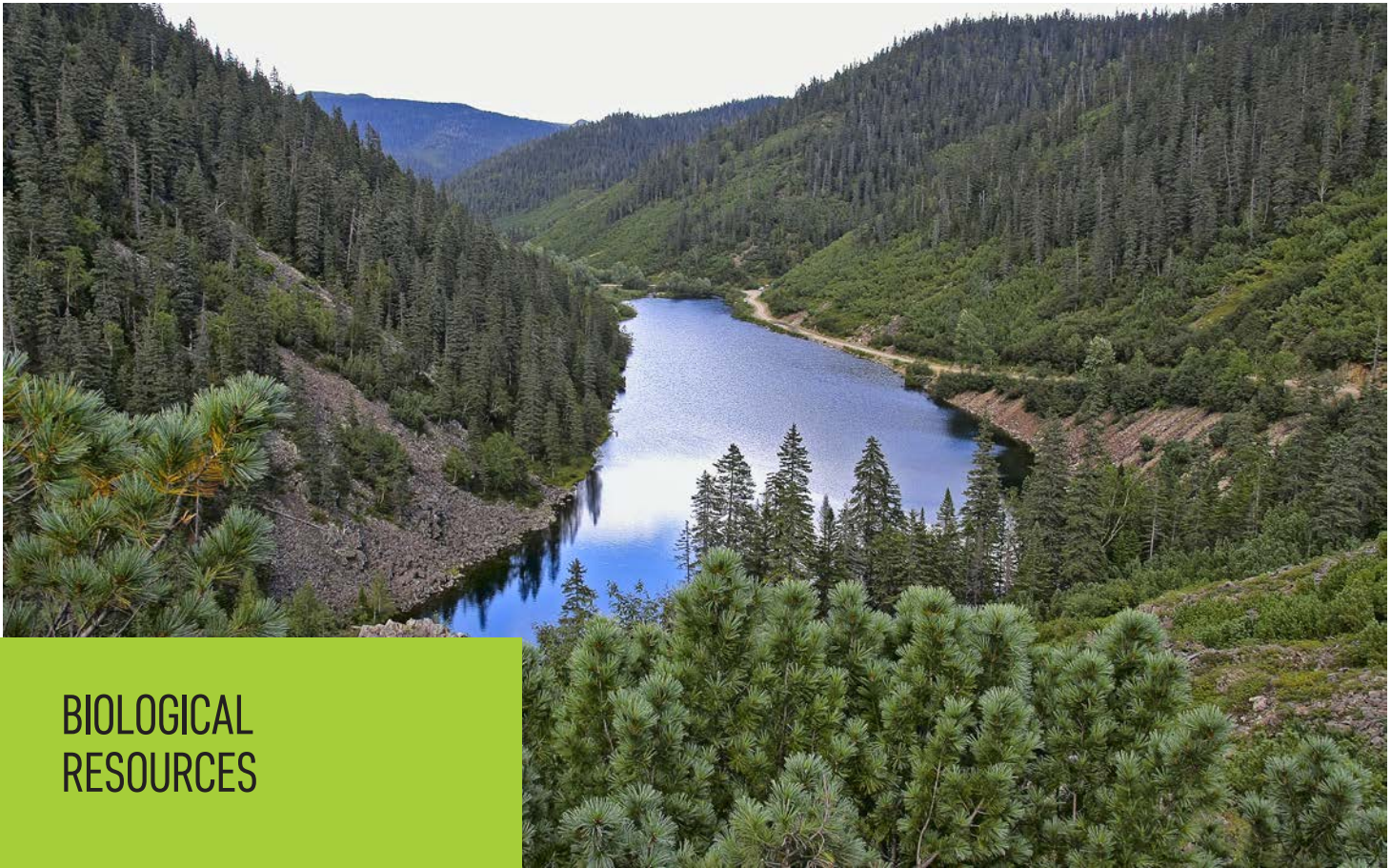
Electric power engineering,  
oil processing, heavy engi-  
neering and metal working,  
wood processing, construc-  
tion industry, agriculture,  
food industry, transport and  
telecommunications



**VERKHNEBUREINSKY  
INDUSTRIAL NODE**

Coal mining, mining, log-  
ging, wood processing





## BIOLOGICAL RESOURCES

**T**he Khabarovsk krai has all kinds of natural resources: land, water, forest and others. In many of them the krai leads the Far Eastern Federal okrug and overall Russia.

KRAI LAND STOCK.....	<b>78 700 000</b> HA
AGRICULTURAL LAND .....	<b>665 500</b> HA
FORESTED AREA.....	<b>52 500 000</b> HA
ALLOWABLE CUT .....	<b>25 100 000</b> M <sup>3</sup> A YEAR
TOTAL RIVER LENGTH.....	<b>584 000</b> KM



6 %  
OF RUSSIA'S  
STANDING TIMBER

**15 600 000**  
cubic meters a year

*accessible allowable cut  
of the Khabarovsk krai*



MINERAL  
RESOURCES

639  
mineral deposits

27 minerals found in the  
Khabarovsk krai, out of that  
217 are common useful minerals  
and 422 solid ones




Total reserves

PLATINUM .....	25 TONS
GOLD .....	278.5 TONS
SILVER .....	1 922.5 TONS
COPPER .....	290 000 TONS
TIN.....	360 000 TONS
CEMENT RAW MATERIALS .....	992 700 000 TONS
TUNGSTEN TRIOXIDE .....	29 800 TONS
COAL .....	2 300 000 000 TONS

Forecast resources

IRON ORE .....	8 000 000 000 TONS
COMPLEX ORE .....	130 000 000 000 TONS
MANGANESE ORE .....	30 000 000 TONS
COKING COAL.....	4 000 000 000 TONS
<hr/>	
ESTIMATED OIL AND GAS RESOURCES .....	5 000 000 000 TONS





## RECREATIONAL RESOURCES

The tourism and recreation potential of the krai is determined by a beneficial geographic location of the region, a high level of social and economic development, a broad diversity of natural resources and a rich cultural and historic heritage.

**34**  
national  
cultural centers

**26**  
zakazniks  
*(restricted use natural areas)*  
*3 200 000 ha total area*

**6**  
reserves  
*1 600 000 ha total area*

ARCHEOLOGICAL MONUMENTS .....	807
MONUMENTS OF HISTORY .....	149
URBAN CONSTRUCTION AND ARCHITECTURE MONUMENTS .....	348
MONUMENTAL ART ITEMS.....	12
LANDSCAPE ARCHITECTURE MONUMENTS .....	4
PHILHARMONIC SOCIETY .....	1
THEATERS .....	6
RECREATION PARKS AND BOTANICAL GARDENS, ZOOS .....	5





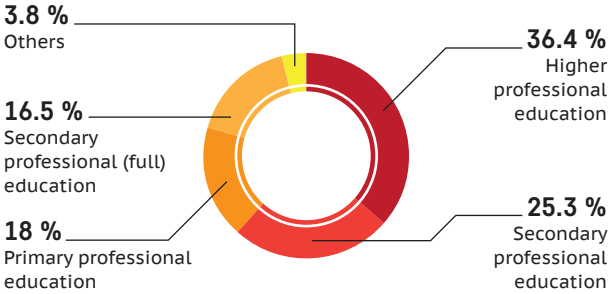
# LABOUR RESOURCES

The Khabarovsk krai is characterized by a rich labour potential and a system of developed professional training and advance training. The employed have a high level of professional education.

**55.6**  
per cent  
*economically active  
population*

**28**  
per cent  
*of the population  
employed by SMEs*

## EDUCATION LEVEL OF EMPLOYED



## WAGES IN THE KHABAROVSKY KRAI

EXTRACTIVE INDUSTRY .....	₽ 58 700
PROCESSING INDUSTRY .....	₽ 33 300
CONSTRUCTION.....	₽ 30 500
TRADE .....	₽ 23 000
AVERAGE.....	₽ 36 200



## SCIENCE AND EDUCATION

**T**he Khabarovsk krai has a developed research and technology base and the core of it are research higher education facilities (universities and academic science).

SECTORAL RESEARCH INSTITUTES.....	7
RUSSIAN ACADEMY OF SCIENCE INSTITUTES .....	10
HIGHER EDUCATION INSTITUTIONS .....	24
PROFESSIONAL EDUCATION INSTITUTIONS.....	38

### STUDENTS IN Khabarovsk KRAI LARGER EDUCATION INSTITUTIONS



**17 000**

*Far Eastern State Transport  
University (FESTU)*



**15 000**

*Pacific State  
University (PSU)*



**6 000**

*Komsomolsk-na-Amure State  
Technical University (KnASTU)*



# INNOVATION POTENTIAL

**W**ith its level of innovation activity the Khabarovsky krai leads the Far Eastern Federal okrug. The required legal and institutional environment is being actively formed for smaller innovation facilities and effective interaction of education and research institutions with the production sector as well as commercialization of research findings is under way.

## MAIN SUPPORT POLICIES

- Grants to the start-up small-size innovation companies of the krai and subsidies to the operating ones
- Support of participating in international and Russian exhibitions and fairs
- Communication platforms on upgraded krai management system of innovation
- Production of TV and radio programs for popularization of success stories of innovative operators

## INNOVATION SUPPORT INSTITUTIONS

- Coordinating Council for modernization and innovation development under the Khabarovsky krai Governor
- Inter-Agency Commission for a complex assessment of innovation projects under the Khabarovsky krai Government
- Khabarovsky krai Ministry of Investment and Land and Property Policy
- Foundation for Small Entrepreneurship Support of the Khabarovsky krai
- Autonomous Non-Commercial Organization "Far Eastern Innovation Support Agency"



**37.3**  
**per cent**  
*Khabarovsky krai  
share in the Far  
Eastern federal  
okrug for the number  
of implemented  
advance production  
technologies*

**12.9**  
**per cent**  
*share of innovation  
production in the  
overall output of the  
Khabarovsky krai  
companies*

## TRANSPORT AND TELECOMMUNICATIONS

**The Khabarovsk krai is the key infrastructure node in the commodity exchange between Russia and the APR states**



The Khabarovsk krai is at the crossroads of international and national air corridors connecting Europe with the APR and North America states. Khabarovsk international airport Novy is one of the largest in the Far Eastern Federal okrug and acts as a hub for inter-regional air communication.



Two national status railway trunk lines, the Trans-Siberian and the Baikal-Amur Railways secure communication between the country eastern and western regions. Railway transport plays a leading role in cargo operations, including export and import ones that is determined by the exit to large Pacific sea ports and overland cross-border checkpoints.



Federal status highways Amur (Chita – Khabarovsk), Ussuri (Khabarovsk – Vladivostok), Vostok (Khabarovsk – Nakhodka) cross the region and connect the national network of highways with Far Eastern ports of Russia.





Inland water transport of the Khabarovsk krai secures a cargo and passenger flow exit via a network of waterways southwise to the north-eastern PRC provinces, northwise to the Tatar Strait and over to the APR states. Khabarovsk, Komsomolsk-na-Amure and Nikolaevsk-na-Amure are large river ports. Basic socially viable cargo is shipped to the krai northern rayons by inland water transport. Large international sea ports Vanino, Sovetskaya Gavan and De-Kastri are located on the Tatar Strait sea shore.



There is an international high-speed fiber-optic cable line of high capacity between Khabarovsk and Fuyuan (PRC). The city telecommunication fixed lines employ fiber optic and offer comprehensive xDSL services. There are satellite information flows to northern hard-to-access krai areas.

FOURTH-GENERATION 4G  
MOBILE TELECOMMUNICATION  
IS LAUNCHED IN THE  
Khabarovsk krai. NOW  
THE USERS HAVE ACCESS  
TO A FAST RUSSIAN MOBILE  
LTE NETWORK

## • Khabarovsk airport

PASSENGERS.....	2 000 000 A YEAR
CARGO.....	29 200 TONS A YEAR
TAKE-OFFS, LANDINGS.....	24 AN HOUR
DOMESTIC TERMINAL.....	1500 PASSENGERS AN HOUR
INTERNATIONAL TERMINAL .....	700 PASSENGERS AN HOUR

## • Railway transport

LENGTH OF RAILWAYS .....	2100 KM
CARGO OPERATIONS.....	87 700 000 000 TON-KILOMETERS
PASSENGER OPERATIONS .....	1 400 000 000 PASSENGER-KILOMETERS

## • Motor transport

LENGTH OF MOTOR ROADS .....	8500 KM
CARGO OPERATIONS.....	300 000 000 TON-KILOMETERS
PASSENGER OPERATIONS .....	1 400 000 000 PASSENGER-KILOMETERS

## • Khabarovsk river port

VESSELS MOORED, LENGTH OVERALL / DRAUGHT .....	140 / 18 M MAX
CARGO TERMINAL CAPACITY .....	8 000 000 TONS A YEAR
ROOFED WAREHOUSE FLOOR.....	10 700 M <sup>2</sup>
OPEN-AIR WAREHOUSE FLOOR .....	73 600 M <sup>2</sup>

## • Vanino port

VESSELS MOORED, LENGTH OVERALL / DRAUGHT .....	292 / 18 M MAX
CARGO TERMINAL CAPACITY .....	23 500 000 TONS A YEAR
PASSENGER TERMINAL CAPACITY .....	70 000 PASSENGERS A YEAR
ROOFED WAREHOUSE FLOOR.....	42 400 M <sup>2</sup>
OPEN-AIR WAREHOUSE FLOOR .....	299 400 M <sup>2</sup>

## • Sovetskaya Gavan port

VESSELS MOORED, LENGTH OVERALL / DRAUGHT .....	180 / 10 M MAX
CARGO TERMINAL CAPACITY .....	2 300 000 TONS A YEAR
ROOFED WAREHOUSE FLOOR.....	25 600 M <sup>2</sup>
OPEN-AIR WAREHOUSE FLOOR .....	196 400 M <sup>2</sup>

## • Telecommunications

MOBILE COMMUNICATIONS.....	4 OPERATORS
INTRA-ZONE, TRUNK AND INTERNATIONAL TELECOMMUNICATION .....	10 OPERATORS
TELEMATIC SERVICE (INTERNET, IP TELEPHONY) .....	36 PROVIDERS



## BUSINESS INFRASTRUCTURE

### BANKING SECTOR

32 credit organizations are engaged in banking operations in the Khabarovsk krai, 2 of them are regional banks and 30 are branches of credit organizations from other country regions, including banks formed with the participation of foreign capital. International correspondent relations have been set up with over 30 banks; among them are Bank of New York, Bank of Tokyo, Eurobank, Deutsche Bank and Bank of China.

#### Russian banks

- Sberbank
- Gazprombank
- Alfa-Bank
- Rosbank
- Bank of Moscow
- Eastern Express Bank
- Rosselkhozbank
- MTS Bank
- VTB

- Ussuri
- Otkritie  
Financial Corporation  
Bank

#### Foreign banks

- Home Credit Bank
- Bank of China
- Uniastrum Bank
- OTP Bank

### INSURANCE SECTOR

There are 42 insurance companies in the region, 6 of them are regional and 36 are branch offices of insurance companies from other RF regions.

#### Insurance companies

- Kolymaskaya
- Ingosstrakh
- VSK Insurance House

- Dallesstrakh
- DalZhASO
- DAL-ROSMED
- Rosgosstrakh



The Khabarovsk krai has a developed hotel infrastructure that is explained by a growing economic and tourism potential of the region. Hotel business is represented by both mini hotels with a restricted range of moderate-priced services and business class hotels with modern conveniences and actually unlimited set of services for a relaxing stay and work.

## MAIN BUSINESS CENTERS OF THE KRAI

### **Intour-Khabarovsk**

2 Amur Blvd. Khabarovsk  
Tel.: +7 (4212) 31 21 51  
inturist-khv@yandex.ru

### **Zolotyie Bashni (Golden Towers)**

41 Vostochnoye Hw. Khabarovsk  
Tel.: +7 (4212) 40 04 44  
dalreo@mail.ru

### **Inter Plaza**

4 Sportivny Lane Khabarovsk  
Tel.: +7 (4212) 68 20 00  
market@inter-plaza.com

### **Metropolis**

47 Rudnev St. Khabarovsk  
Tel.: +7 (4212) 33 14 56  
metropolis\_khv@rambler.ru

### **Novy Kvartal (New Block)**

96a Karl Marx St. Khabarovsk

### **Preobrazhensky**

26a Turgenev St. Khabarovsk  
Tel.: +7 (4212) 20 80 15  
info@alfa-info.ru

### **Felix-City**

65 Dzerzhinsky St. Khabarovsk  
Tel.: +7 (4212) 46 05 05

### **Khabarovsk-City**

22 Frunze St. Khabarovsk  
Tel.: +7 (4212) 45 88 05

### **Bronko**

166 Karl Marx St.  
Khabarovsk  
Tel.: +7 (4212) 33 44 93

### **Amur business center**

3 Dzerzhinsky St.  
Komsomolsk-na-Amure  
Tel.: +7 (4217) 52 15 22



## INTERNATIONAL EVENTS

The krai annually holds exhibitions and shows of international and national level attended by 150–300 companies from the Far East, Siberia, Zabaikalye, Urals, Central Russia and from abroad (PRC, Korean Republic and Japan).

## REPRESENTATIVE OFFICES OF FOREIGN STATES

### **Consulate General of People's Republic of China**

Lenin Stadium Khabarovsk  
Tel.: +7 (4212) 30 61 63, 30 25 90  
chinaconsul\_khab\_ru@mfa.gov.cn

### **Consulate General of Japan**

46 Turgenev St. Khabarovsk  
Tel.: +7 (4212) 41 30 44, 41 30 45  
consul@kh.mofa.go.jp

### **Branch of Embassy of Belarus Republic in RF**

Off.1 65/1 Zaparin St. Khabarovsk  
Tel.: +7 (4212) 31 59 18, 31 59 12  
russia.khabarovsk@mfa.gov.by

### **Chancellery of Consulate General of Democratic People's Republic of Korea**

28 Dikopoltsev St. Khabarovsk  
Tel.: +7 (4212) 22 71 55, 21 14 70  
habkons@mail.kht.ru



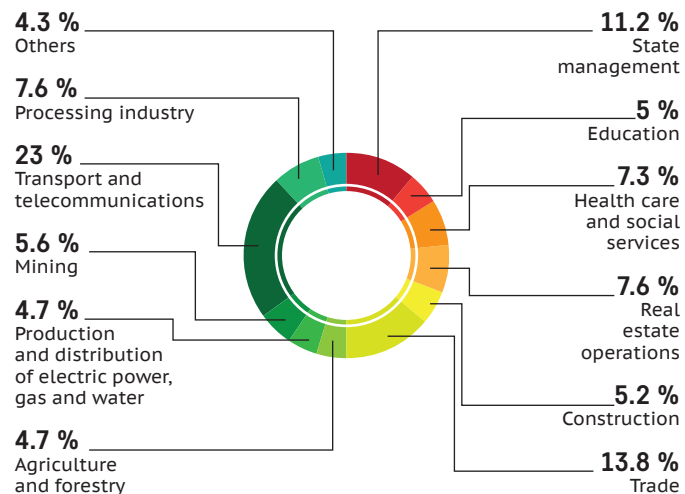


## KHABAROVSKY KRAI ECONOMY

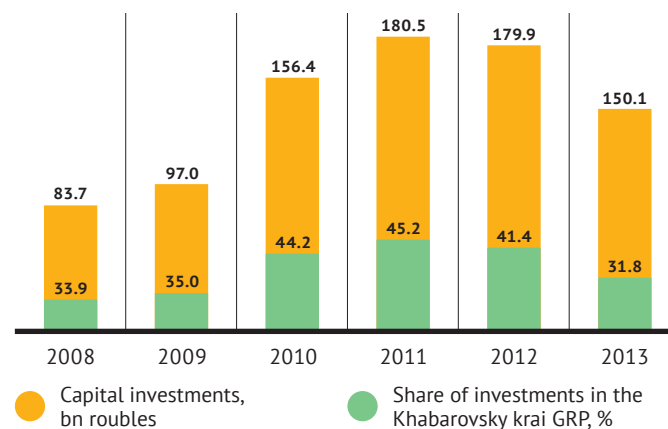
**T**he krai leading economy sectors are transport and telecommunications (23 % of Gross Regional Product), industry (17.9 %) and trade (13.8 %). Processing takes over 61 % in the overall production.

The main branches of specialization are heavy engineering (25 %), the fuel and energy sector (23.4 % of the total), and mining except fuel and power resources (15.4 %), oil processing (13.4 %), foods production (8.3 %) and metallurgy (7.4 %).

## STRUCTURE OF GROSS REGIONAL PRODUCT

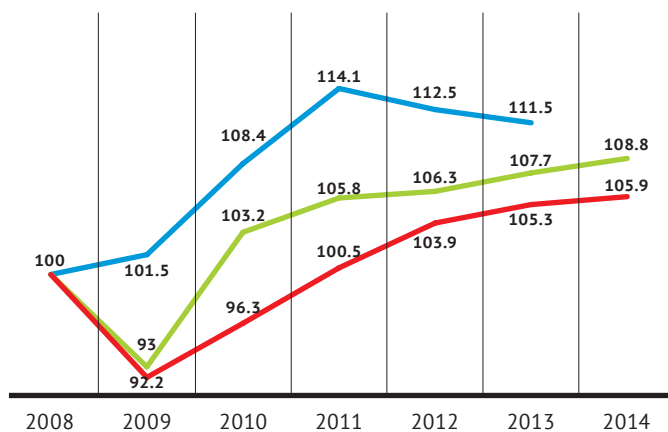


## CAPITAL INVESTMENTS, BY YEAR

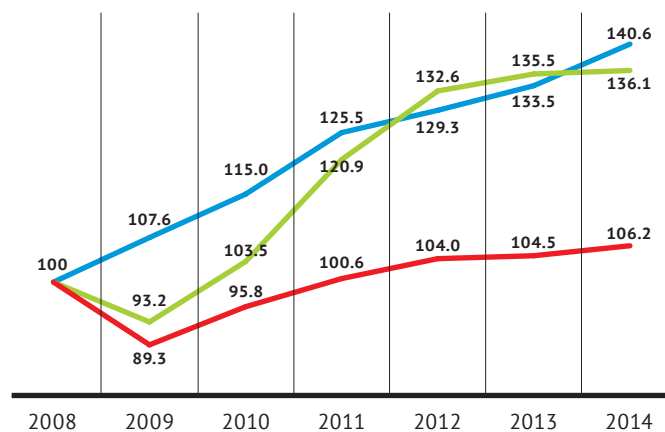




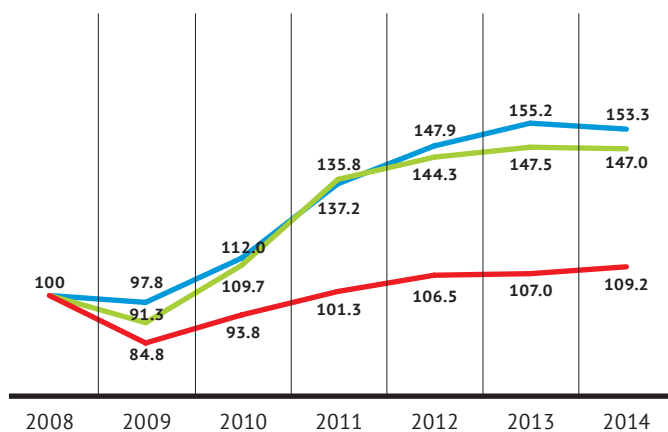
## GROSS REGIONAL PRODUCT (GDP) GROWTH RATE \*



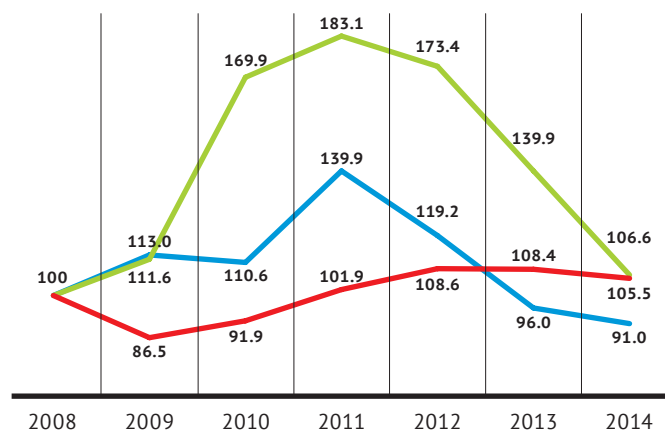
## INDUSTRIAL PRODUCTION INDEX\*



## PROCESSING INDUSTRY GROWTH RATE\*



## CAPITAL INVESTMENT GROWTH RATE \*



\* against 2008, %

● Russia ● Khabarovsk krai ● Far Eastern Federal okrug



## FUEL AND ENERGY SECTOR

**T**he fuel and energy sector is the primary sector of the krai economy, it includes coal mining, oil processing, electric power engineering, heat power engineering, trunk and distribution oil and gas supply networks, managing and distribution companies.

**2 195.4  
MW**

*electric power  
generating capacity*

**9 798.0  
GCal/h**

*heat generating  
capacity*

### Khabarovsk krai in the Far Eastern Federal okrug

ELECTRIC POWER OUTPUT .....	17 %
HEAT POWER OUTPUT .....	28 %
OIL PROCESSING .....	99 %
COAL MINING .....	14 %

## ELECTRIC AND HEAT POWER SUPPLY

The Khabarovsk energy system is a component of United Energy System of East that also includes the Amurskaya and the Primorskaya energy systems and the Yuzhno-Yakutsky energy district. The demand in the economy, social sphere and general public demand in electric and heat power is basically met by the heat power plants of Far Eastern Power Generation Company Public JSC branch, i.e. Khabarovsk Generation.

## COAL MINING

A subdivision of Siberian Coal Energy Company Public JSC, Urgalugol Public JSC represents the krai coal sector. The Company mines coal in the Urgalskoye black coal deposit of the Verkhnebureinsky rayon and the Marekansky brown coal deposit of the Okhotsky rayon. Over 47 % of the krai demand in solid fuel is covered by Urgalugol Public JSC.



# OIL AND GAS PIPELINES

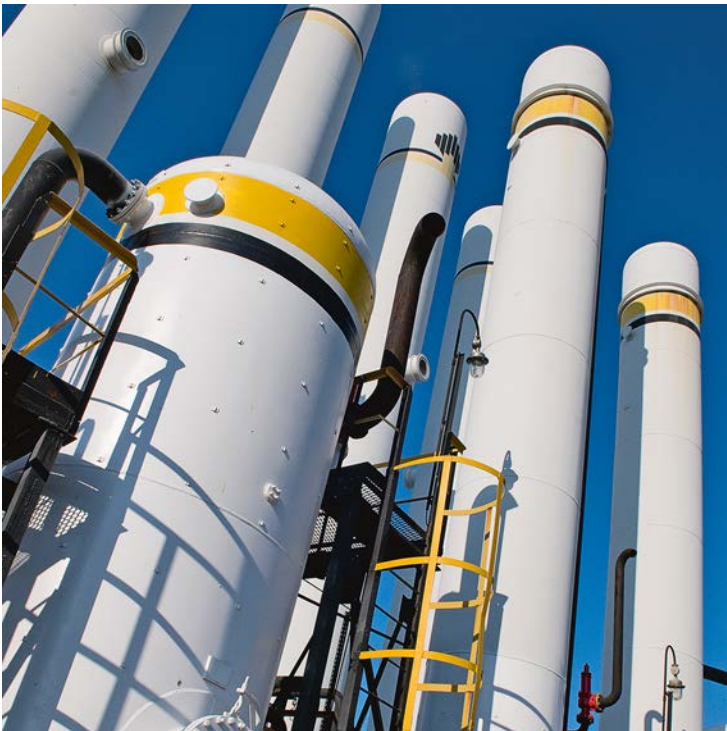
Several main oil and gas pipelines cross the krai area, among them is the Eastern Siberia – Pacific Ocean oil pipeline (ESPO), the oil pipeline of Okha (Sakhalin) – Komsomolsk-na-Amure and the gas pipeline Sakhalin – Khabarovsk – Vladivostok. By the end of 2017 the first stage of gas transport network Power of Siberia, i.e. the main gas pipeline Yakutia – Khabarovsk – Vladivostok will be commissioned. Construction of spurs from the main pipelines to Khabarovsk and Komsomolsk oil refineries is under way.

**80 000 000**  
**tons crude a year**  
*capacity of the Eastern Siberia – Pacific Ocean pipeline*



# GAS SUPPLY

The gasification of the krai is among the regional energy policy priorities aimed at enhancing the efficiency and reliability of energy supply of the krai. The total length of the gas networks in the krai makes 2 400 km. The gasification of households by natural gas is at the rate of 17.3 %.



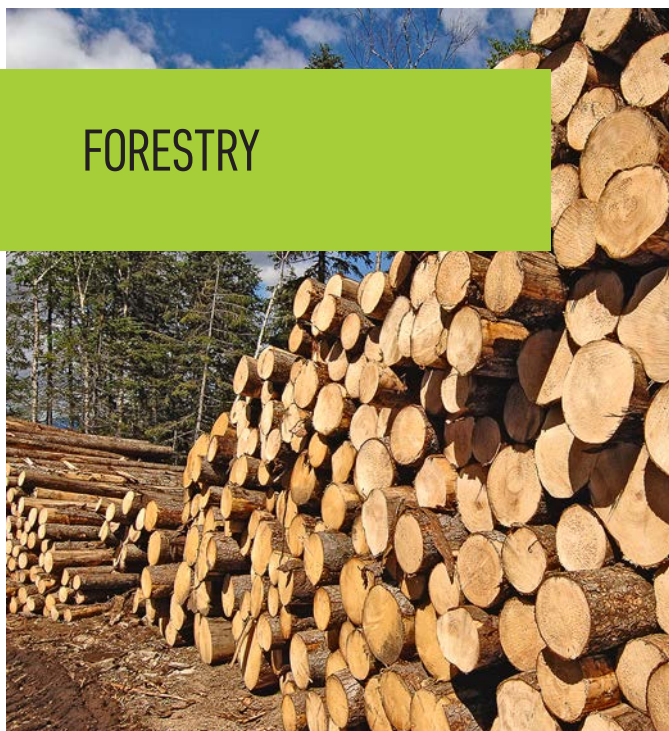
# OIL PROCESSING

The hub positioning of the krai in the main oil and gas pipeline network forms the background for oil processing, and petroleum and gas chemistry. The operating oil refineries' capacity fully meets the krai demand in high-grade petroleum product securing their supplies to all regions of the Far Eastern Federal okrug and for exports.

<b>Oil processing in the Khabarovsk krai in 2014</b>	
RN — KOMSOMOLSK OIL REFINERY .....	<b>7 600 000 TONS</b>
NNK — Khabarovsk oil refinery .....	<b>4 438 000 TONS</b>
TRANSBUNKER-VANINO .....	<b>622 200 TONS</b>

Transbunker Private JSC Group of companies plans construction of the second stage of the oil refinery in Vanino of the Vaninsky rayon.

## FORESTRY



**F**orestry is one of the branches of specialization in the krai economy. The Khabarovsk krai leads the Far Eastern Federal okrug in main wood products. The krai Government pays particular attention to wood processing. There is the institutional and legal environment for enhancing the efficiency of forest resources use.

**90**  
per cent  
*forest production  
for export*

The krai leading forestry holding companies are RFP Group, Arkaim JV LLC, Shelekhovsky KLPH Public JSC, Rimbunan Hijau MDF LLC and Aziya Les LLC (Asia Forest).

**40**  
per cent  
*wood processed*

## METALLURGY

**T**he metallurgy complex of the krai is well represented by the ferrous and non-ferrous metallurgy companies. Amurmetal Public JSC (Komso-molsk-na-Amure) is the sole in the Far Eastern Federal okrug foundry producing steel and processing it into sheet and rolled steel.

**610 500 tons**

*steel output in 2014*



THE KHABAROVSKY KRAI IS  
RUSSIA'S SOLE REGION WITH  
ONGOING TIN MINING

Over twenty companies mine semi-precious and precious stones, the largest among them are Mnogovershinoye Private JSC, Okhotsk Mining and Geological Company Public JSC, Artel Amur Public JSC, Albazino Resources LLC, Amur Zoloto LLC, Far Eastern Resources Public JSC, Olovyannaya Rudnaya Kompaniya (Tin Ore Company) Public JSC, Pravourmiyskoye LLC and Belaya Gora LLC.

GOLD .....	<b>19.8</b> TONS
SILVER .....	<b>81.5</b> TONS
PLATINUM .....	<b>2.4</b> TONS
TIN.....	<b>321.3</b> TONS



## HEAVY ENGINEERING



**H**heavy engineering of the krai is a diversified sector encompassing plants that produce different kinds of products, from watercraft to aircraft of different class and down to jiggging.

The high export potential of the krai enables the companies to export state-of-the-art combat ships of different purpose, hovercraft, Sukhoi combat aircraft, and newest short-range passenger aircraft Sukhoi Superjet 100. The sector companies are under the Holdings of United Aircraft Corporation Private JSC and United Shipbuilding Corporation Public JSC and form the core of the emerging innovation territorial cluster in air- and watercraft manufacturing of the Khabarovsk krai.

## MAIN HEAVY ENGINEERING COMPANIES OF THE KHABAROVSKY KRAI

### Komsomolsk-na-Amure

- Komsomolsk-na-Amure Aircraft Manufacturing Plant after Yu.A. Gagarin, a branch of Sukhoi Company Public JSC
- Sukhoi Civil Aircraft Private JSC
- Amur Shipbuilding Plant Public JSC
- Komsomolsk-na-Amure hoisting and transport equipment plant Public JSC (KZPTO)

### Khabarovsk

- Khabarovsk Shipbuilding Plant Public JSC
- Dalenergomash Public JSC
- Dalremmash Public JSC
- Khabarovsk plant after A.M. Gorky Public JSC

### Sovetskaya Gavan

- Vessel repairing factory #1 Public JSC

## FOREIGN ECONOMIC POLICIES



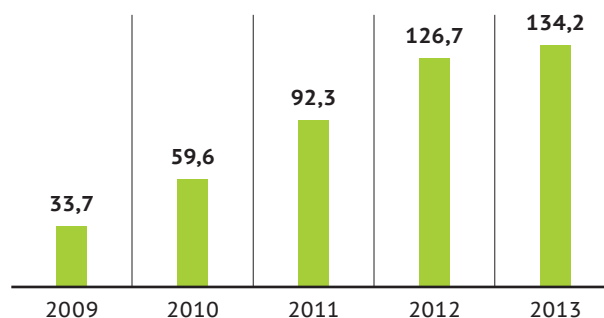
**USD 2.2  
billion**

*in Khabarovsk krai foreign trade value,  
in that imports made USD0.8 bn and  
exports USD1.4 bn*

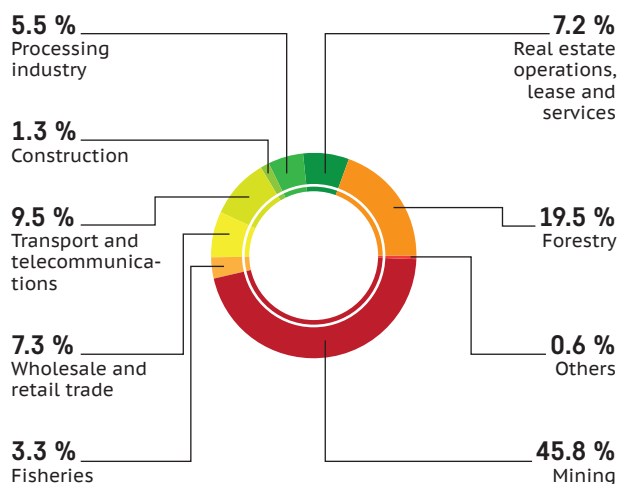
**A** beneficial geographic positioning of the Khabarovsk krai forms a favourable background for economic cooperation with the states of North-East Asia and the Asia Pacific Region.

Export-oriented production is the key driver for the Khabarovsk krai economic growth providing a meaningful contribution to the budget revenues and the employment rate. The active attraction of foreign investments eases the access to sale markets for a set of industries, thus development and modernization of the production base are being accelerated.

FOREIGN DIRECT INVESTMENTS, USD MLN (BY YEAR)

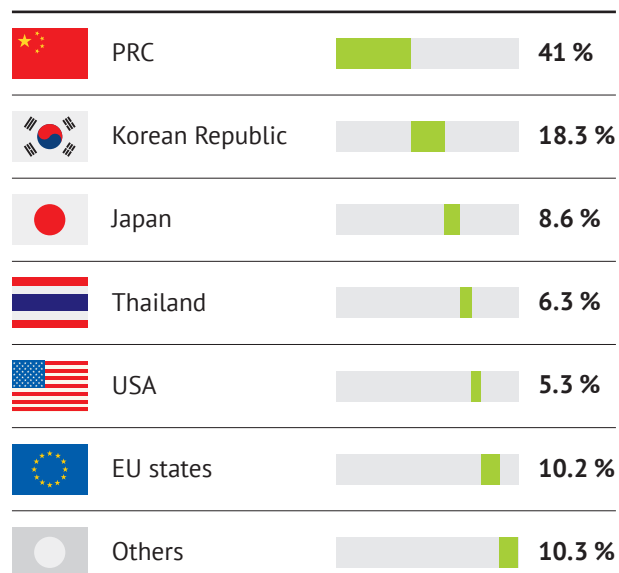


STRUCTURE OF FOREIGN INVESTMENTS

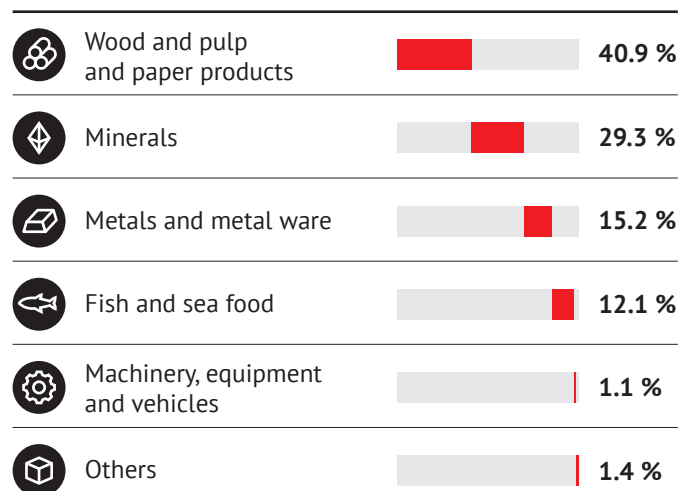




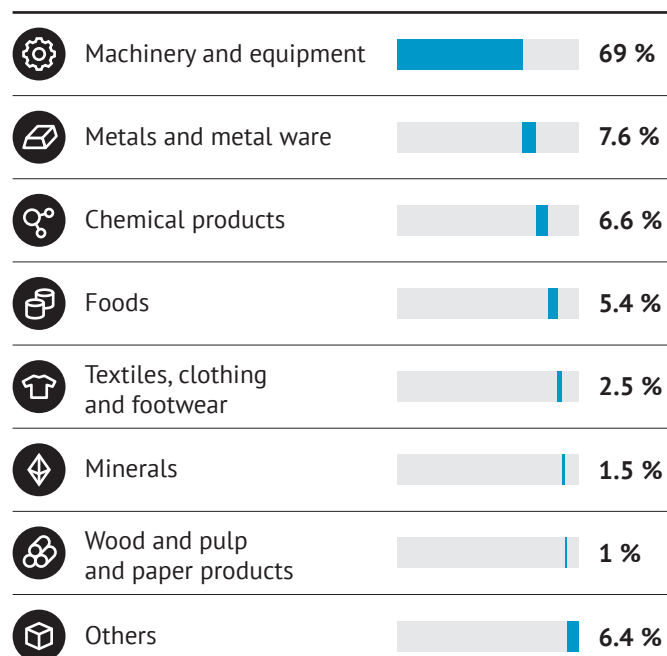
## KHABAROVSKY KRAI KEY FOREIGN TRADE COUNTERPART STATES IN 2014



## STRUCTURE OF COMMODITY EXPORTS OF THE Khabarovsk KRAI IN 2014



## STRUCTURE OF COMMODITY IMPORTS OF THE Khabarovsk KRAI IN 2014

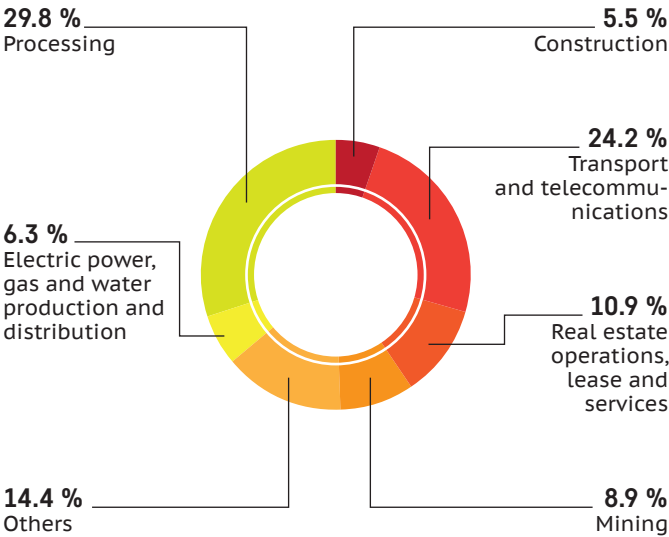




# INVESTMENT POLICIES

**T**he Khabarovsk krai is one of the most attractive regions for business in the East of Russia. The krai investment legislation, a system of financial and other preferences and an organizational support of investors allow the Russian and foreign businesses to effectively use the available regional economic and resource potential.

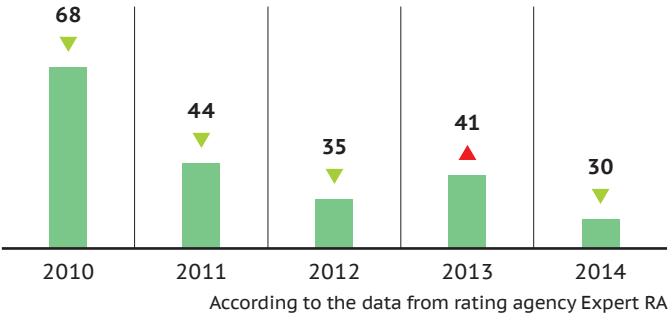
## CAPITAL INVESTMENTS STRUCTURE



## INVESTMENT POTENTIAL AND RISK

According to Expert RA rating agency in 2014 the Khabarovsk krai retained its position in Group 3B1 (lower potential – moderate risk). With its investment potential the krai ranks 34th among all Russian Federation regions. In 2014 a notable decrease of the investment risk was recorded – the krai position is 30 (Cf. position 41 in 2013). Comparing the krai statistics of 2014 and 2010 one sees a positive change in the krai investment policies: a higher rank for labour potential – position 28 (+3), innovation potential – position 43 (+7), economy risks – position 39 (+34). The management risk rate got improved very much: in 2014 the krai ranked 14th among the RF regions (21 positions up in the rankings).

## LOWERING INVESTMENT RISK





## NORMATIVE LEGAL ENACTMENTS ON INVESTMENT

Khabarovsky krai Law #308 of 2005.11.10 “On regional taxes and tax benefits in the Khabarovsky krai”

Khabarovsky krai Law #130 of 2011.11.23 “On state investment policies in the Khabarovsky krai”

Resolution #408-pr of 2011.12.06 of the Khabarovsky krai Government “On endorsement of the Guidelines for support to the large investment projects being implemented or planned for implementation, in the Khabarovsky krai territory”

Resolution #55-pr of 2012.03.14 of the Khabarovsky krai Government “On implementation of investment projects in the Khabarovsky krai on public-private partnership terms”

Resolution #69-pr of 2012.03.22 of the Khabarovsky krai Government “On endorsement of the order of considering and selecting the investment projects in view of prioritizing them as the Khabarovsky krai priority investment projects”

Resolution #495-pr of 2014.12.19 of the Khabarovsky krai Government “On endorsement of the State program of the Khabarovsky krai “Improvement of the investment and business climate of the Khabarovsky krai” and revocation of separate normative legal enactments of the Khabarovsky krai Government”

Resolution #348-pr of 2012.09.28 of the Khabarovsky krai Government “On endorsement of Provisions for Investment Ombudsman in the Khabarovsky krai”

Resolution #94-pr of 2013.04.25 of the Khabarovsky krai Government “On providing state guarantees of the Khabarovsky krai”

Resolution #95-pr of 2013.04.25 of the Khabarovsky krai Government “On endorsement of the Order of selecting applicants for the Program of state guarantees of the Khabarovsky krai”

Resolution #33-pr of 2012.02.29 of the Khabarovsky krai Government “On the order of taking decision on change in the due date for profit tax payment for organizations at the tax rate set for crediting to the krai budget, and regional taxes in shape of investment tax credit”

Federal Law #267-FZ of 2013.09.30 “On bringing changes to Part One and Part Two of the Tax Code of the Russian Federation as to promoting the implementation of regional investment projects in the Far Eastern Federal okrug territories and in separate Russian Federation constituent member territories”

## ORGANIZATIONAL SUPPORT TO INVESTMENT ACTIVITIES

- Accompanying investment projects, including information, consulting and methodology support
- Assisting investors in listing their projects under federal target programs
- Support in communicating with the executive authorities of the krai and local self-government
- Assisting in removing administrative barriers for investment projects
- Promotion of investment projects

## FINANCIAL SUPPORT OF INVESTMENT ACTIVITIES

- Tax benefits
- Investment tax credit
- Land lease benefit
- Legal and property state guarantees
- Subsidized costs of parties to investment activity

## STATE AUTHORITIES DEALING WITH INVESTMENT ACTIVITIES

**Foreign Investment Advisory Council under the Khabarovsky krai Governor** is the platform for discussing investment initiatives and terms of conducting business by foreign investors

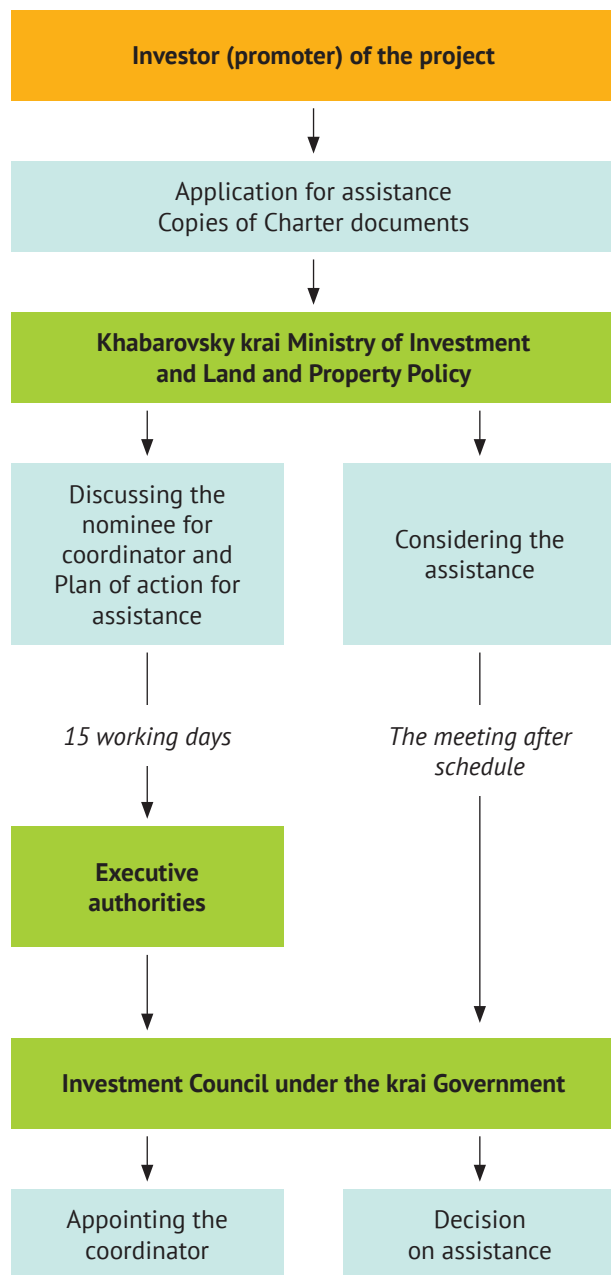
**Investment Council under the Khabarovsky krai Government** selects investment projects for granting them krai state support of investment activity

**Inter-Agency Council under the Khabarovsky krai Government for removing barriers in development of entrepreneurship** assists in shaping a positive entrepreneurial climate by cutting-down barriers to entrepreneurship

**Council for entrepreneurship and improvement of investment climate in the Khabarovsky krai** elaborates on guidelines of economic policies in entrepreneurship, competition and investment activity

**Investment ombudsman** assists investors in implementation of investment projects

## ORDER OF TAKING DECISIONS ON ASSISTING A BIG-SCALE INVESTMENT PROJECT



## ORDER OF PRIORITIZING THE INVESTMENT PROJECT FOR GETTING FINANCIAL SUPPORT





## PUBLIC PRIVATE PARTNERSHIP

**P**ublic private partnership (PPP) is a legally endorsed for a certain time term and based on pulling together resources and sharing risks, partnership of the krai authorities, on the one side and a private partner, on the other, effected according to the agreement on public-private partnership in order to attract private investment into economy, to secure accessibility and improved quality of goods, works and services that are within the authority of the state authorities and local self-government.

There are legal, economic and organizational conditions in the Khabarovsk krai for utilizing the PPP instrument for meeting the socially viable tasks. The coordinator for such action of the krai executive authorities in PPP investment projects implementation is Ministry of Economic Development of the Khabarovsk krai. Now several pilot PPP projects are successfully being implemented in the Khabarovsk krai and a number of other projects are at the stage of preparation of terms for their implementation.

### **Benefits for the investor:**

1. Participating in the economy spheres that are exclusive authority of the executive power.
2. Implementing the long-term project with a stable market and at the lowest commercial risk rate.
3. Receiving state support to investment activity, developing the brand name and improving the investor's image.

### **Benefits for the state:**

1. Enhancing the efficiency and quality of state services rendered.
2. Attracting long-term investments in the state economy sector.
3. Sharing risks and obligations between partners.

## EXAMPLES OF PUBLIC PRIVATE PARTNERSHIP IN THE Khabarovsk krai

### OPENING A DIALYSIS LABORATORY CENTER IN Khabarovsk city

**The mission of the project** is services to the patients with chronic kidney deficiency in the out-patient dialysis service.

**Center capacity** is 30 artificial kidney units.

**Amount of investment** is ₺300 mln, private investment.

**Center was organized** in 2 years

**Implementation stage** – center for out-patient dialysis was launched in 2014.

### NEPHROLOGICAL CENTER IN Komsomolsk-na-Amure

**The mission of the project** is diagnostics, prevention of nephrology diseases, providing a service of out-patient dialysis to patients with chronic kidney deficiency.

**Center capacity** is 15 artificial kidney units.

**Amount of investment** is ₺300 mln, private investment.

**Center organized** in 2 years.

**Implementation stage** – reconstruction and refitting with dedicated equipment of the nephrology center building.



## TERRITORIES OF ADVANCED SOCIAL AND ECONOMIC DEVELOPMENT

**T**erritory of Advanced Social and Economic Development (TASED) is a part of the area of the Russian Federation constituent member territory with a special legal regime for entrepreneurial and other activity in order to shape a favourable environment for attracting investment, for accelerated social and economic development and nurturing the livable environment. Its legal status is set by Federal Law #473-FZ of December 29, 2014 “On Territories of Advanced Social and Economic Development in the Russian Federation”.

The following special legal regime is in force for entrepreneurial activity in TASED:

1. Discounted profit tax rate
2. Discounted real estate lease rate
3. Streamlined state and municipal control (supervision) regime
4. Prioritized access to infrastructure facilities built with federal funds
5. Free customs zone regime (after a special decision of the RF Government)
6. Corporate property and land tax benefits
7. Discounted insurance payments
8. Other special terms for operations (attracting foreign workforce beyond the set quotas).



# BASIC BENEFITS AND PREFERENCES TO TASED RESIDENTS

Type of benefit	Standard rate	Discount period for residents, years									
		1	2	3	4	5	6	7	8	9	10
Profit tax: • federal	20 %	0 % since registering profit					2 %				
• regional		0 % since registering profit					10 %				
Property tax	2.2 %	0.5 %					1.1 %				
Royalty	According to Chapter 26 RF Tax Code	Reduction factor									
		0		0.2		0.4		0.6		0.8	
Land tax	Up to 1.5 % (set by the municipal authority)	0 %		Up to 1.5 % (set by the municipal authority)							
Insurance payments	30 %	7.6 %									
Customs fees	According to RF Customs Code	Free customs zone									



## Khabarovsky krai pioneering RF in TASED

**R**esolutions # 628 and # 630 of 2015.06.25 of the Government of the Russian Federation launched Territories of Advanced Social and Economic Development (TASED) “Khabarovsk” and “Komsomolsk”. The total over 20 investor applications were submitted for the above TASEDs and 13 of them were endorsed by the agreements with the Ministry of Development of the Far East of Russia. The investments total to about 45 bn roubles approximately, about 6 thousand jobs are to be generated.

### TASED KHABAROVSK

It is within the Khabarovsk agglomeration. Here is registered the highest investment activity related to the city central positioning and a great consumer demand of the agglomeration, a developed infrastructure. Three sites were identified: Airport, Avangard industrial park, Rakitnoye for the total of 14 896 ha under the cadastral blocks (at first stage according to the boundaries it is 587.3 ha).

The specialization of this TASED is metallurgy, agriculture, and foods production, industrial production, transport logistics, distribution, warehousing, related services, and also the construction project of a modern air hub with a diversified

business infrastructure. The private investment will exceed 33 billion roubles; the jobs generated will come close to 4.8 thousand.

### TASED KOMSOMOLSK

It is within the agglomeration of the krai industrial center of the city of Komsomolsk-na-Amure (including the city of Amursk). Its specialization is based on cooperation linkages with the operating high-tech facilities in aircraft- and watercraft manufacturing and also heavy engineering.

Three sites were identified with the total area within the cadastral blocks of 8 337 ha (at first stage according to the delineated borders it is 218.9 ha).

1. Parus plant area of 59.4 ha with an option for expansion. Specialization is mechanical engineering, heavy engineering, composite materials, tool engineering.
2. Amurlitmash plant area of about 62 ha. Specialization is mechanical engineering and heavy engineering.
3. Site in Amursk town of about 97.3 ha. Specialization is wood processing.

At first stage 5 investment projects are planned for the total of 12 bn roubles. The expected jobs are 1.1 thousand.



## PERSPECTIVE TASEDS OF THE Khabarovsk Krai



### TASED Sovetskaya Gavan

One of the perspectives is the TASED in the Sovetsko-Gavansky municipal rayon. It is close to the sea ports of Vanino and Sovetskaya Gavan and relates to stevedoring operations, logistics, fish processing and also ship repair and wood processing.



### TASED Russian part of Bolshoi Ussuriysky Island

The expected TASED area is 17 124.3 ha. Specialization is international tourism, recreation and organizing congresses and exhibitions.

## OBTAINING A TASED RESIDENT STATUS

**Applicant for the TASED resident status**  
(legal entity or private entrepreneur)



**Submits an application to the TASED managing company with the following supplements:**

1. Copies of Charter documents
2. Business plan
3. Copy of the State certificate of registration of a legal entity or an private entrepreneur
4. Copy of the certificate of registration with the tax authorities
5. Duly certified translation into Russian of the documents on state registration of a legal entity in accordance with the registration of the respective state (for a foreign entity)



**Managing company**  
having considered the submitted documents  
(based on criteria and methodology of assessment)



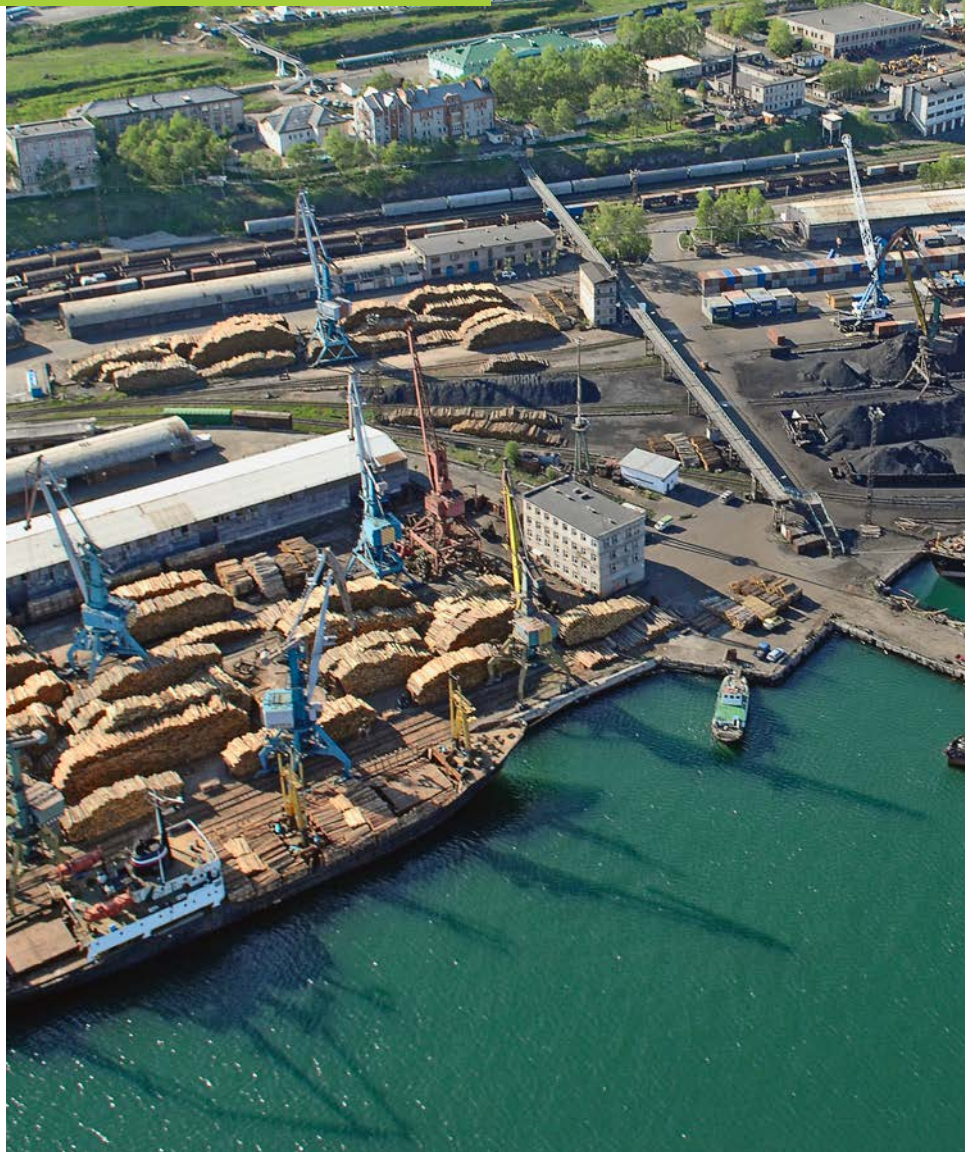
**Takes a decision  
on signing the  
agreement**



**Takes the negative  
decision on the applicant  
as resident**

Obtaining the status of a TASED resident is regulated by Federal Law FZ#437 of 2014.12.29, Ordinance #42 of 2015.04.02 of Ministry of Development of the Far East of Russia (Minvostokrazvitiya)

## PORT SPECIAL ECONOMIC ZONE



**A** special economic zone is the area identified by the RF Government as a part of territory with a special regime of entrepreneurial activity where also the customs procedure of a free customs zone is applicable. Port special economic zones (PSEZ) are formed in the areas close to the sea ports, open for international traffic and for foreign vessels calling at such ports, and can include parts of territories and (or) water areas of sea ports, river ports. Functioning of PSEZ is oriented at development of the port and transport infrastructure.

The total area of land sites registered within the PSEZ in Cape Mariya and Cape Muravyov is 290 ha. The expected expansion of the PSEZ area can take place due to the fish processing complex in Lososina settlement and activating the mechanism of PSEZ in a part of Vanino port for construction of dedicated terminals. The total area of land sites after the expansion of the PSEZ will make 1 630 ha.

For functioning of PSEZ, state support for the construction of the service infrastructure is granted.

THE SOLE IN THE FAR EAST WAS  
PSEZ FORMED IN THE TERRITORY  
OF THE SOVETSKO-GAVANSKY  
MUNICIPAL RAYON AND ENDORSED  
BY RF GOVERNMENT RESOLUTION  
#1185 OF 2009.12.31

## COMPETITIVE ADVANTAGES



Located in one of the largest deepwater bays of the Russian shore of the Sea of Japan, the sea depth reaches 30 meters



The Bay area can receive vessels up to 50 000 dead-weight and under the port infrastructure development up to 300 000 tons



Year-round navigation – there is no solid ice formed in intense vessel traffic



Exit to larger railway trunk lines, the Trans-Siberian and the Baikal-Amur one



Exit to the federal motor road network via the highway of Khabarovsk – Lido-ga – Vanino with an access to Komsomolsk-na-Amure



There is Mai-Gatka airport that services regular flights to Khabarovsk



Proximity to the main deposits of minerals close to the BAM



Proximity to key mineral export markets, wood products, fish products or other cargo of North-East and South-East Asia



A developed support infrastructure

## SPECIALIZATION

- **transport and logistics services**
- **ship repair**
- **reproduction, harvesting and processing of fish and mariculture**

## PLANNED INFRASTRUCTURE

- transshipment complexes (port terminals) in handling various cargo
- a fish processing complex with berths and refrigerators
- a ship repair facility
- customs zone infrastructure
- support transport, energy, engineering and other infrastructure
- administration facilities



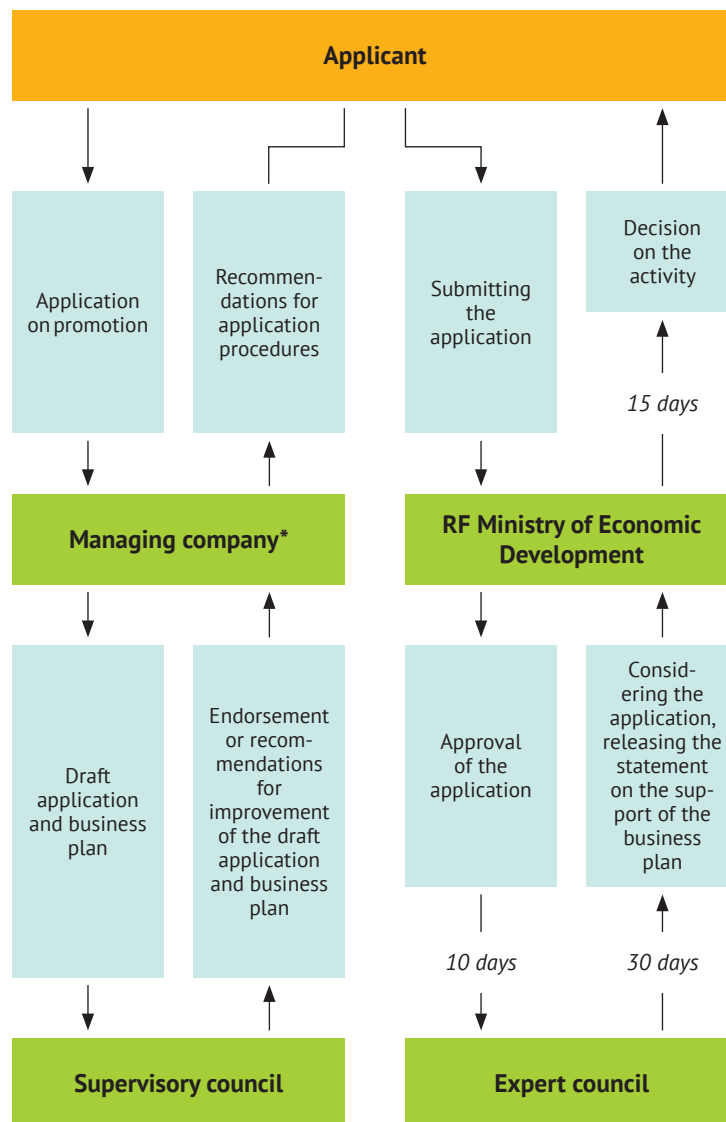
## PREFERENCES AND BENEFITS

- **State guarantees** – signing an agreement with the RF Government, stability of legislation (the zone is registered for 49 years)
- **Special administrative regime** – lowering the administrative barriers, one-stop window regime
- **The required infrastructure** – offices, water, electric power, heat, etc.
- **Minimal costs** – low cost of land purchase, an opportunity for accelerated amortization

### SPECIAL TAX AND CUSTOMS REGIME

Tax	General tax regime	For PSEZ residents
Profit tax	20 %	15.5 % for 10 years
Property tax	2.2 %	0 % for 10 years
Land tax	1.5 %	0 % for 5 years
Transport tax	Depending on the kind of vehicle	0 % for 5 years
Value added tax, customs duties	Depending on the kind of product	Not paid

## GETTING THE STATUS OF A PSEZ RESIDENT



\* Application on the promotion is submitted to the Khabarovskiy krai Government

# INDUSTRIAL PARKS



**A**n industrial park is the total of industrial infrastructure facilities designated for launching or modernization of industrial production and managed by the managing company, commercial or non-commercial organization registered in accordance with the Russian Federation legislation.

The Khabarovsk krai has the best well-developed base for industrial parks as compared to all other Far East regions. In the Khabarovsk krai industrial production, utility and engineering infrastructure is best developed. The region has the largest number of industrial sites suitable for industrial parks.

## ACTIVE INDUSTRIAL PARKS



### AVANGARD

**Specialization** — agribusiness and logistics

**Park area** — 47 ha

**Park engineering infrastructure:**

- electric power supply 1.5 MW, planned up to 30MW (co-generation)
- gasification is complete in 2015
- water supply 1 200 cubic meters/day (wells)
- heat supply depends on gasification (co-generation), planned 14 GCal/h
- railway and motor ways are available

**Location** — Khabarovsk city



### DALENERGOMASH

**Specialization** — electric power engineering, mechanical engineering and metal working, auxiliary production

**Park area** — 20.1 ha, office space, production and ware-

house floor space — 65 thous sq m

**Park engineering infrastructure:**

- electric power supply 3 MW, planned 6MW
- gasification is expected
- water supply 100 cubic meters/day
- heat supply depends on gasification
- motor rods are available

**Location** — Khabarovsk city

## PROJECTED INDUSTRIAL PARKS



### INDUSTRIAL PARK CHEGDOMYN

**The park is under the authority of Ministry of Economic Development of the Khabarovsk krai. Specialization** — forestry, innovative production and agribusiness, production of construction materials

**Park area** — 79.1 ha

**Park engineering infrastructure:**

- electric power supply 5 MW
- gasification is not planned
- water supply — 4 000 cubic meters/day

**Location** — Chegdomyn settlement

# INVESTMENT PROPOSALS

PROMOTER	PROJECT	BUDGET
<b>Khabarovsk Airport Public JSC</b>	Development of Novy airport complex, Khabarovsk city	₽ 11 340.6 mln
<b>Business-Group LLC</b>	Construction of office and business center Tower	₽ 1.6 bn
<b>Ministry of International and Inter-Regional Cooperation of the Khabarovskiy krai</b>	Construction of a hotel complex in the park area of Lenin Stadium on the Amur river embankment	<i>The investor drafts the feasibility study</i>
<b>Khabarovskiy krai Ministry of Health</b>	Opening a chemical therapy center with technologies of high-dose chemical therapy and bone marrow transplantation	₽ 2 350 mln
<b>Khabarovskiy krai Ministry of Health</b>	Opening a center of proton therapy	₽ 3 bn
<b>Torex LLC</b>	Construction of an electric furnace steel making plant in Khabarovsk	₽ 4.6 bn
<b>Dalenergomash Public JSC</b>	Modernization of Dalenergomash Group of Companies production complex	₽ 28.5 bn
<b>Noni LLC</b>	Construction of the mining and processing plant at Noni gold ore deposit in the Verkhnebureinsky municipal rayon	₽ 2.2 bn
<b>Eastern Ore Mining Company Limited</b>	Construction of the mining and dressing plant at Durmin gold deposit in the municipal rayon after Lazo	₽ 3.7 bn
<b>Khabarovskiy krai Ministry of Natural Resources</b>	Construction of the cement plant in the municipal rayon after Polina Osipenko	₽ 7.68 bn



<b>Ros-DV LLC</b>	Production of high-grade lumber and components for wooden housing construction	₽ 1.2 bn
<b>Dallesprom Public JSC</b>	Construction of the pulp and paper plant in Amursk town	₽ 55 bn
<b>Khabarovsk Grain Mill Public JSC</b>	Turkey meat integrated production and processing facility in the municipal rayon after Lazo	₽ 4.1 bn
<b>Amurskaya Zarya LLC</b>	Development of the operating bovine breeding complex in Pavlenkovo village (municipal rayon after Lazo)	₽ 973.9 mln
<b>Danilovka LLC</b>	Construction of the integrated bovine complex for breeding hifers in Druzhba settlement (Khabarovsk municipal rayon)	₽ 1.2bn
<b>Khabarovsk krai Ministry of Construction</b>	Construction of “Nut Hill” micro-district in Khabarovsk	₽ 65.3 bn
<b>Khabarovsk krai Ministry of Investment and Land and Property Policy</b>	Fish processing complex in the Port Special Economic Zone “Vanino – Sovetskaya Gavan”	₽ 13.8 bn
<b>Sakhatrans LLC</b>	Construction of the transshipment complex for handling coal in Vanino sea port, Muchke north bay shore	₽ 22.6 bn
<b>Khabarovsk krai Ministry of Culture. Department of Tourism</b>	Construction and operation of the river cruise ship	₽ 840.5 mln
<b>Far Eastern Generating Company Public JSC</b>	Construction of the heating main from Khabarovsk TPP-3	₽ 2.8 bn
<b>JSC RAO Energy Systems of East</b>	Construction of Khabarovsk thermal power plant TPP-4	₽ 36.5 bn
<b>Dalreostroy LLC</b>	Construction of a hotel in the center of Khabarovsk	₽ 1 bn
<b>Flagman LLC</b>	Construction of the second stage of Alpine ski resort Holdomi	\$ 7.7 mln
<b>Khabarovsk krai Ministry of Industry and Transport</b>	Construction of a by-pass road at Khabarovsk km 13 – km 42 (eastern by-pass)	₽ 48.6 bn

## CONTACTS

### **Khabarovsky krai Government**

#56 Karl Marx St. Khabarovsk 680000 Russia  
Tel.: +7 (4212) 32 51 21, 40 20 02

### **Representative office of the Khabarovsky krai with the Russian Federation Government**

Room 2029 #19 Novy Arbat St. Moscow  
127025 Russia  
Tel.: +7 (495) 697 41 28  
Fax +7 (495) 697 73 63  
region27moscow@gmail.com

### **Ministry of International and Inter-Regional Cooperation of the Khabarovsky krai**

56 Karl Marx St. Khabarovsk 680000 Russia  
Tel.: +7 (4212) 40 21 70  
Tel. /fax +7 (4212) 30 57 27  
mic@adm.khv.ru

### **Autonomous Non-Commercial Organization “Far Eastern Innovation Support Agency”**

#52 Dzerzhinsky St. Khabarovsk 680000 Russia  
Tel.: +7 (4212) 47 31 15, 47 31 16, 47 31 18  
office@dasi27.ru  
www.dasi27.ru

### **Autonomous Non-Commercial Organization “Investment and Development Agency of Khabarovsky krai”**

Off. 409 #22 Frunze St. Khabarovsk 680000 Russia  
Tel.: +7 (4212) 79 44 81  
invest.agency@mail.ru  
www.khabkrai-invest.ru