

This overview has been prepared to help potential investors properly assess the most promising industries and provide a detailed picture of investment projects in the Krasnodar Region

Guide to Investment Krasnodar Region



1A

(maximum potential – minimum risk) – rating of the region in terms of its investment climate

A (RU)

credit rating for the region

6th place

overall amongst Russian regions in terms of total annual investment

3rd place

among Russian regions in population

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Welcome Address by the Governor of the Krasnodar Region



Dear colleagues and partners,

I would like to invite you to discover the Krasnodar Region. This is one of the southernmost and warmest regions of Russia. I am confident that the Krasnodar Region will provide you with business opportunities full of enormous potential. We not only have a beautiful environment and a mild climate, but our region is also a platform for forward-thinking and innovative people.

Today we are one of the most attractive regions in the Russian Federation in terms of investment. Every year, the business community launches dozens of new investment projects in our region, and we host many important international business and cultural events. We have dozens of international partners, including Bonduelle, CLASS, Danone, Knauf,

Metro Cash and Carry, Nestle, Philip Morris, Tetra Pak and Radisson. Having achieved excellent results, these companies are committed to advancing their businesses further here in the Krasnodar Region.

In turn, we are committed to supporting a dynamic and progressive economy in the Krasnodar Region. It is our pleasure to invite you to become our business partners and build successful ventures together. Do not miss this chance, for tomorrow someone else might snap up your potential investment platform in Krasnodar.

We believe that new leaders are the driving force behind Russia's economy of the future. Join us!

Veniamin Kondratyev
Head of Administration (Governor)
of the Krasnodar Region



Welcome Address by Managing Partner of the PwC office in Krasnodar



We are pleased to present this *Guide to Investment* for the Krasnodar Region, a region with enormous economic and investment potential.

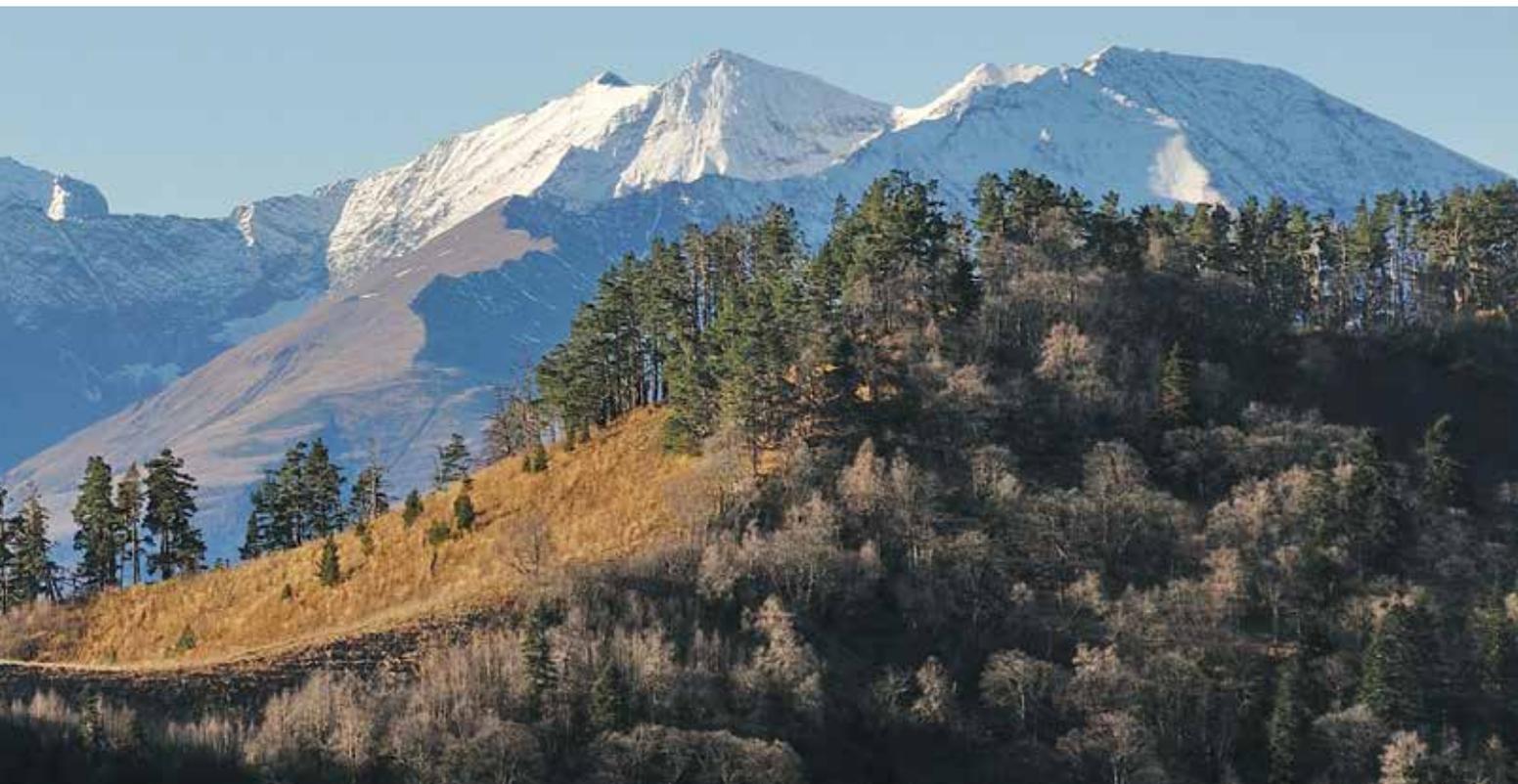
The Krasnodar Region boasts a unique geographical location, climate and natural resources. Its economic stability and infrastructure have engendered a favourable environment to support the growth and expansion of your business.

The region's economic indicators and its effective investment policies have helped to attract a significant number of Russian and international investors. In addition, the Krasnodar Region Administration has been actively introducing valuable tools aimed at easing the way for investors

and creating an optimal climate for doing business. In this light, Russian and foreign rating agencies have been speaking highly of the region's investment appeal for several years running. They acknowledge that the region is in a dominant position compared with other regions.

We have prepared this report in conjunction with the Krasnodar Region Administration. Its key objective is to help potential investors properly assess the most promising financial investment targets and provide a detailed picture of investment projects in the Krasnodar Region.

Vyacheslav Solovyev
Managing Partner, PwC Krasnodar



Geographical Location of the Krasnodar Region



The most popular resort and tourist region in Russia. More than **15 million tourists** visit the Krasnodar Region every year





The largest port agglomeration in Russia.
The Krasnodar Region is a **centre of international transit**



The population of the Krasnodar Region is **5.5 million people** (3rd place in Russia)

Tokyo
8 000 km

Beijing
6 100 km

Delhi
3 800 km

Transportation Infrastructure

The transportation infrastructure in Krasnodar (in particular, ports, wide railway network and highways, railway stations, railway terminals, airports and gas mains) is strategically important not only for the region, but also for country as a whole.

The transportation infrastructure delivers tourists and holidaymakers to the coastal areas on the Black Sea, which is the main resort complex in Russia, attracting over 15 million tourists annually. It also provides cargo export transit, including oil exports.

Sea transport infrastructure ensures direct access to international foreign trade routes via the Black Sea and the Sea of Azov. Over 200 million tons of cargo are shipped through Krasnodar's nine ports every year.

The port in Novorossiysk, the largest in Russia, is a modern multifunctional and highly automated complex. In 2016, the port's cargo turnover amounted to over 129 million tons, including over 92 million tons of oil and over 37 million tons of dry cargo.

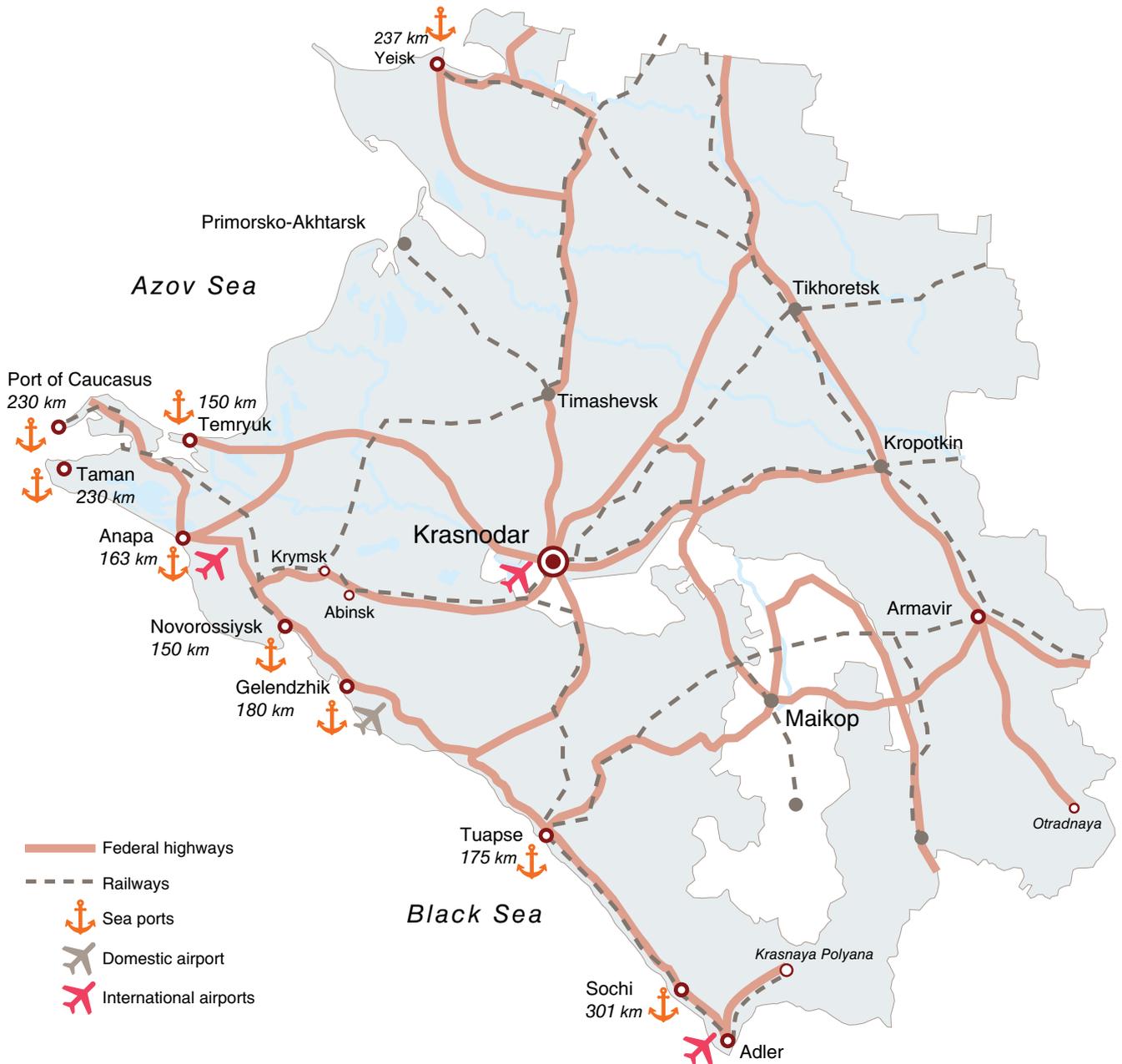
Comparative characteristics of transportation infrastructure in Russian regions

Region of the Russian Federation	Number of sea ports	Operational length of public railways, km	Length of public roads, km	Number of international airports
Krasnodar Region	9	2,087.6	37,156.6	3
Moscow Region	0	2,705.1	38,900.3	3
Rostov Region	2	1,841.1	24,372.0	1
Republic of Tatarstan	0	876.8	37,823.4	2
Stavropol Region	0	921.8	17,073.5	2

Source: official Internet resource of the Federal State Statistics Service: gks.ru



Map of transportation infrastructure



Russia's largest transport hub located in the Krasnodar Region includes:

9 sea port complexes
(incl. the Russia's largest sea port – Novorossiysk)

3 international federal airports
(Krasnodar, Sochi, Anapa)

wide railway network and highways

419 km for 1000 sq.km

The railway infrastructure in the Krasnodar Region is the leading southern regional city in terms of the length of railways, volume of shipments and economic indicators. About 70% of all cargo traffic in the Krasnodar Region is carried by rail operated by companies on the Krasnodar part of the North-Caucasian Railway (NCR).

Comparative characteristics of railway infrastructure in Russian regions

Region of the Russian Federation	Density of public railways, km of railway per 10,000 km ² of land	Rank in the Russian Federation
Moscow Region (incl. Moscow)	577	1
Krasnodar Region	277	10
Rostov Region	182	31
Stavropol Region	139	39
Republic of Tatarstan	126	41

Source: official Internet resource of the Federal State Statistics Service: gks.ru

The Krasnodar Region is crossed by important federal railway routes that lead to resorts on the Black Sea and the Sea of Azov, as well as to ports for international shipping. The following routes in particular serve cargo traffic to the ports: Novorossiysk, Tuapse, Yeysk, Temryuk and the Caucasus.

The Krasnodar Region also accounts for 55% of the total volume of long-distance passenger traffic of the North Caucasian Railway (NCR).

The total length of railways in the Krasnodar Region is 2,200 km (33% of the total length of railways in the Southern Federal District and 2.5% of the total length in Russia).

The main railway hubs on the Krasnodar part of the NCR are Tikhoretskaya, Kavkazskaya, Armavir, Krymskaya, Timashevskaya, Krasnodar-Sortirovochny, Belorechenskaya and Krivenkovskaya.



Comparative characteristics of railway infrastructure in Russian regions

Region of the Russian Federation	Density of public highways, km of road per 1,000 km ² of land	Rank in the Russian Federation
Moscow Region (incl. Moscow)	695	3
Krasnodar Region	419	12
Republic of Tatarstan	413	13
Stavropol Region	232	33
Rostov Region	202	38

Source: official Internet resource of the Federal State Statistics Service: gks.ru

Road infrastructure

The Krasnodar Region is a leading Russian region in terms of the quantity, density, and quality of highways, with a total length of about 40,000 km, including:

- federal roads – 1,300 km;
- regional roads – 9,000 km;
- local roads – 29,600 km.

Federal highways are the main transport arteries connecting the Krasnodar Region with other regions of the Russian Federation.

Two highways that cross the Krasnodar Region serve as international transport corridors:

- North-South (NS): branch of NSA2 (Kashira – Voronezh – Kamensk – Shakhtinsky – Rostov-on-Don – Krasnodar – Novorossiysk/Sochi); branch of NSA8 (Rostov-on-Don [from Pavlovskaya] – Mineralnye Vody – Nalchik – Vladikavkaz – Verkhny Lars [border with Georgia]);
- Transsib (TS): branch of TSA4 (Saratov – Volgograd – Kamensk-Shakhtinsky – Rostov-on-Don – Novorossiysk).

The easy access to international transport corridors provided by the highway, rail, and port systems in the Krasnodar Region is a valuable factor contributing to the investment attractiveness of the region.

The density of highway network in the Krasnodar Region is 419 km per 1,000 km². This is 2.2 times higher than average in the Southern Federal District (187 km) and seven times higher than average in the Russian Federation (54 km).

However, rapid economic growth in the Krasnodar Region has gradually begun to put stress on the existing road infrastructure.

The growth of industrial production, development of ports, increase in the number of personal cars, and development of resort and tourist areas are leading to a significant increase in traffic intensity.

The most overloaded highways in the Krasnodar Region are the federal highways A146 (Krasnodar – Novorossiysk), M27 (Dzhubga – Tuapse – Sochi), M4 (Don) and M29 (Caucasus).

Air transport infrastructure

The Krasnodar Region has three international and one domestic airport for passengers and cargo: Krasnodar (Pashkovsky), Sochi (Adler), Anapa (Vityazevo), and Gelendzhik. The average number of flights in summer reaches 60 per day, and July and August are the months with the most flights at over 100 a day.

Krasnodar Region airports account for about 6% of the total passenger air traffic in Russia (almost 10m people in 2016).

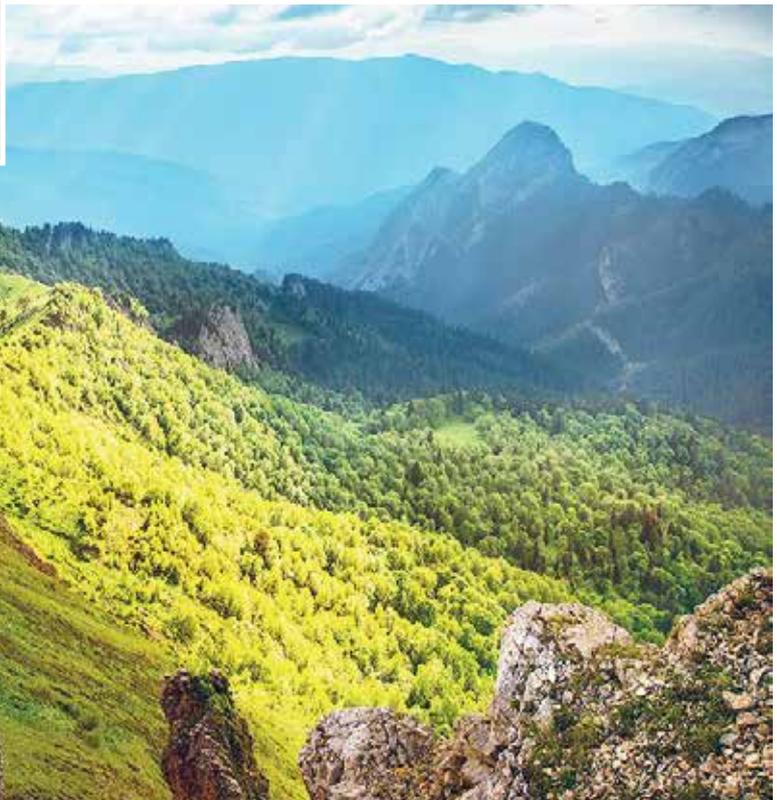
The Krasnodar and Sochi airports presently have the biggest share of passenger and cargo air traffic (83% of total traffic).

About 40 Russian and foreign airlines operate regular and charter flights.

Favourable Investment Climate

Competitive Advantages of the Krasnodar Region:

- Access to international trade routes to Europe, the Mediterranean, the Middle East and Central Asia via ports of the Azov and Black Sea basin.
- The mild climate reduces costs for heating and construction.
- More sophisticated transport infrastructure with a number of transport services and opportunities for optimising logistics.
- Rapid economic growth and a dynamic entrepreneurial environment create a wide range of opportunities for potential investors to make a profit.
- The Krasnodar Region is one of the most densely populated regions in the Russian Federation (in the **3rd place** after Moscow and the Moscow region).
- The Krasnodar Region is one of the largest markets in the Russian Federation due to its high population and number of tourists (**15 million tourists** come to the region every year).
- An open and reliable institutional environment that guarantees the protection of investors' rights and supports them at all stages of project implementation.
- A developed credit and financial infrastructure providing different banking and insurance services.
- Unique experience in the construction and organisation of large-scale federal projects, knowledge of advanced construction technologies and skills.



Priority areas for investment:



agribusiness;



food and food processing industry;



wine industry;



hospitality and tourism;



manufacturing facilities (including machine building, instrument engineering, metal processing, construction materials, woodworking, light industry and the oil and gas industry);



information and communication technology.

Investment activity

- The Krasnodar Region is **5th** overall amongst the Russian regions in terms of annual investment (over the last three years [2014-2016], around **RUB 1.8 trillion** have been invested in the Krasnodar Region's economy).
- On average, **50%** of investments in the Southern Federal District are made in the Krasnodar Region.
- Every year, **70** large projects (worth over **RUB 100m**) are successfully implemented in the Krasnodar Region. Around **30%** of them are valued at over **RUB 1bn**.
- Regional legislation helps to ensure the equal protection of the rights, interests and property of entities (*Law of the Krasnodar Region No. 731-KZ from 2 July 2004, "On stimulating investment"*).

The Krasnodar Region in investment ratings:



- **7th place** in the national rating of investment climate in Russian regions (for three consecutive years, the Krasnodar Region has been among the top ten regions with the best investment climate in the country).
- **1A** – the highest rating of investment attractiveness according to Expert RA. According to this rating, the Krasnodar Region is one of the leading regions with high potential and minimal risk.
- The Krasnodar Region consistently ranks among Russia's **Top 5** regions with minimal investment risks and consequently the best investment climates.
- The Krasnodar Region's credit rating (according to the Analytical Credit Rating Agency [ACRA]) is **A (RU)** (stable outlook).

Coordination and advisory bodies for improving the investment climate in the Krasnodar Region:

- *Governor's Commission on Improving the Investment Climate;*
- *Governor's Foreign Investment Advisory Council of the Krasnodar Region.*

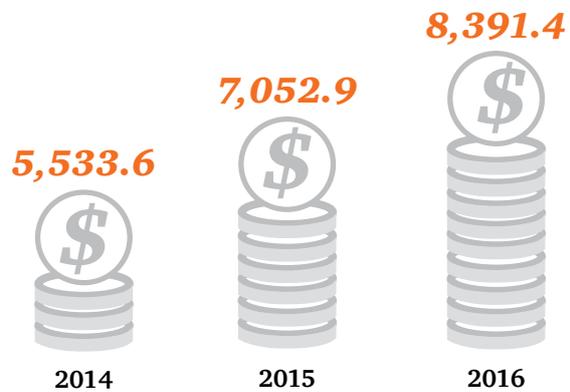


Economic Potential

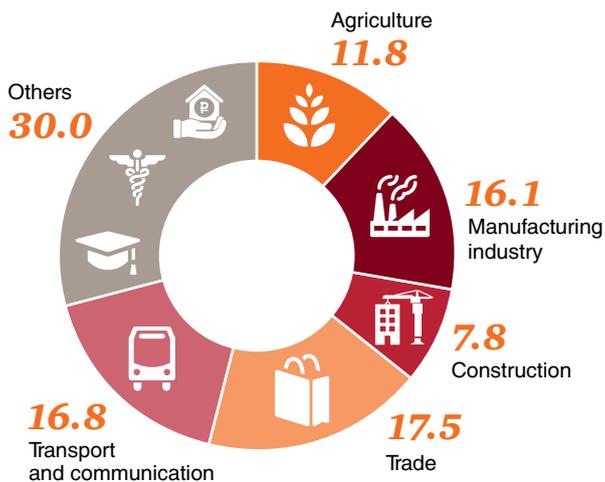
The GRP of the Krasnodar Region, billions of RUB



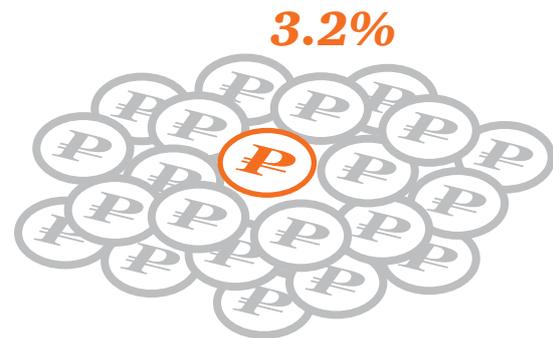
Direct foreign investment in the Krasnodar Region (the accumulative total), millions of USD



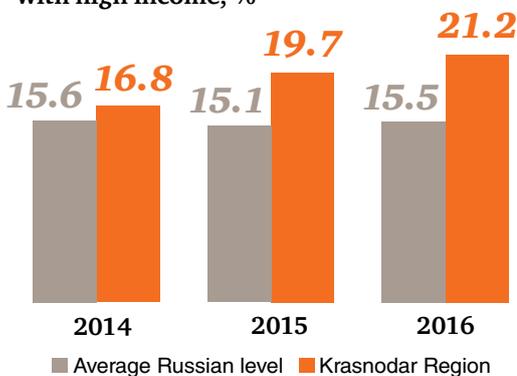
Structure of the GRP of the Krasnodar Region, %



The Krasnodar Region's contribution to the country's GDP



Share of the population of the Krasnodar Region with high income, %



Largest companies in the Krasnodar Region:

- *MAGNIT* (retail trade);
- *RN-TUAPSE OIL REFINERY* (oil industry);
- *CASPIAN PIPELINE CONSORTIUM-R* (pipeline transport);
- *NOVOROSSIYSKY TRADE SEA PORT* (stevedore services);
- *AGROCOMPLEX N. A. N.I.TKACHEV* (agribusiness);
- *ABINSKY ELECTROMETALLURGY PLANT* (metallurgical production);
- *PHILIP MORRIS KUBAN* (tobacco products);
- *EUROCHEM-BMU* (chemical production);
- *NESTLE KUBAN* (agribusiness);
- *ZAO KORENOVKA DAIRY AND CANNING PLANT* (food production);
- *NOVOROCEMENT* (construction materials).

The Krasnodar Region is characterised by a population with higher-than-average income

Labour Force

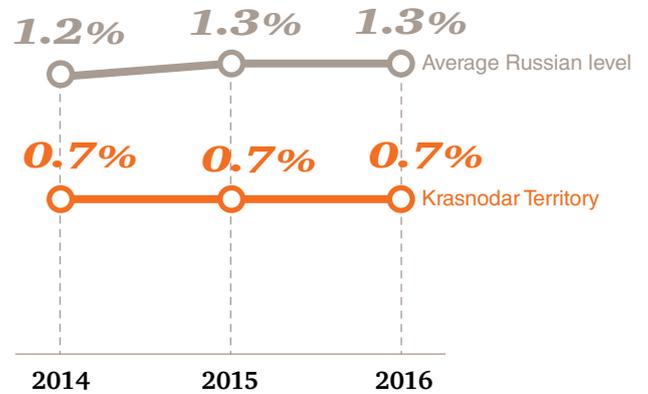
The Krasnodar Region is one of the most highly populated Russian regions and among the most economically productive. The population has experienced stable growth thanks to migration inflows.

In 2016, the number of economically active individuals in the Krasnodar Region was **2.7m people** (49.7% of the average annual number of residents).

In 2016, the total number of unemployed people (which is calculated according to the International Labour Organisation's methodology) was **159,500 people**, or 5.8% of the economically active population.

In 2016, the average monthly nominal salary was **RUB 28,600** demonstrating a growth of 7.1% in comparison to 2015 in nominal terms.

Labour force in the Krasnodar Territory
Average monthly salary in the region



The standard includes mechanisms for providing high-tech industries with a new, highly skilled and internationally competitive labour force. As part of the pilot program, the Krasnodar Region has launched elements of dual education system (practice-oriented education model) and a system of monitoring personnel training.



The Krasnodar Region is an active participant in the international non-commercial *WorldSkills* movement and one of the pilot Russian regions for the regional standard of human resources for industrial growth developed by Agency for Strategic Initiatives.



Educational Infrastructure and Innovation



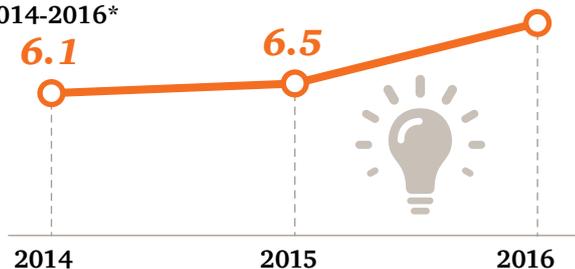
Educational and Scientific Organisations:

- 105 research organisations (scientific institutes and centres, universities, R&D centres, industrial enterprises and entrepreneurial projects)
- 26 institutions of higher education and 34 university branches
- One hundred and fourteen training and professional development organisations.

Leading Universities:

- Kuban State University
- Kuban State Technological University
- Kuban State Agrarian University
- Kuban State Medical University
- Kuban State University of Physical Education, Sport and Tourism
- Krasnodar State Institute of Culture.

Innovation in the Krasnodar Region Enterprises in 2014-2016*



* This indicator is calculated as the ratio between the number of companies engaged in innovation and the number of surveyed companies. The data was taken from the Territorial Authority of the Federal State Statistics Service in the Krasnodar Region.

Main Industrial Indicators

Innovation Ecosystem:

- *TMesto Deystviya public co-working centre*
Ul. Tramvaynaya 2/6, first floor, Krasnodar, Krasnodar Region
Tel.: 8 (800) 707 07 11
<http://www.mbkuban.ru/kovorking/>
- *Sochi Innovation Valley private infrastructure project*
More Ideas co-working centre
Ul. Ordzhonikidze 11, Office 10.7 and 10.8, Sochi, Krasnodar Region
Tel.: +7 (862) 258 44 44
info@moreideas.ru
<http://www.moreideas.ru>
- *Technology and Food Safety State Engineering Centre at Kuban State Technological University*
Ul. Moskovskaya 2, Krasnodar, Krasnodar Region
Tel.: +7 (861) 255 84 01
adm@kgtu.kuban.ru
- *University Scientific and Technological Park and a business incubator for innovative projects at Kuban State University*
Ul. Stavropolskaya 149, Room 108, Krasnodar, Krasnodar Region
Tel.: +7 (861) 235 36 10, +7 (861) 219 95 01
tp@kubsu.ru
- *Oil and Gas Engineering and Research Centre technopark*
Ul. Shosseynaya 35, Afipsky, Seversky District, Krasnodar Region
Tel.: +7 (861) 991 00 50
<http://iicng.ru>

Success Stories

CLAAS

The German company CLAAS is one of the leading global manufacturers of agricultural machinery.

CLAAS was the first manufacturer of agricultural machinery with foreign capital to establish its own production facility in Russia. In 2005, the company began manufacturing the first modern combine harvesters at a new plant in Krasnodar. In 2015, a second production line was launched.

The production area was expanded to 45,000 square meters, increasing production capacity to 2,500 combine harvesters per year. More than 50% of the entire assembly cycle is localised (comparable with the parent company in Germany).



Ralph Bendish
CEO
CLAAS

“For more than 10 years, we have been successfully developing our project to build an agricultural machinery plant in Krasnodar. In 2015, we completed the construction of the second line of our plant, thus increasing the localisation level of our products in the region. Today, we have reached a production capacity of 2,500 combine harvesters per year. When choosing a region for the plant, we opted for the Krasnodar Region, taking into account the openness of the regional government and their real willingness to support investors.”



KNAUF

KNAUF is the leading global manufacturer of construction materials. The group includes about 150 plants that employ 22,000 people in more than 40 countries in the world.

In operation since 1995, KNAUF GIPS KUBAN is one of the largest enterprises in the construction industry in the Krasnodar Region. It is located in the village of Psebay in the Mostovskiy district, near the Shedokskoe deposit, which has the highest quality gypsum in Europe.

According to management, the high quality of the product, favourable bedding of the mineral, minimum costs for transportation from the mine, and the smart investment policy aimed at modernisation mean the plant is one of the leaders within the KNAUF Group.



Oleg Shingiry
CEO
KNAUF GIPS Kuban

“KNAUF began operating in the Krasnodar Region back in 1995. Communicating with authorities at all levels, the KNAUF plant in Psebay has always managed to find good solutions for developing its business in the region. Since then, new gypsum and dry construction mix production plants have been built, and the line of gypsum plasterboards has been modernised. Today, the plant in Psebay is considered one of the best in the KNAUF CIS group in terms of product range and quality. As always, we are sure of our future success in the Krasnodar Region.”



NESTLÉ

Nestlé is the world's largest producer of food and beverage products, as well as an expert in nutrition and maintaining a healthy lifestyle. The global goal of Nestlé is to improve the quality of life and contribute to a healthy future.

One of Nestlé's largest investments in Russia is their Kuban factory in the town of Timashevsk in the Krasnodar Region. "Nestlé Kuban" is currently one of the largest food enterprises in the Krasnodar Region and in Russia overall, as well as one of Nestlé's most modern coffee-producing factories. The factory produces a wide range of natural instant coffee and coffee under the Nescafé brand for consumers in Russia and the CIS. Regular investments in the development of Nestlé Kuban and the launch of new products confirm Nestlé's commitment to the Russian market.

Nestlé Kuban is one of the largest employers in the Krasnodar Region. The factory employs more than 1,100 employees, most of whom are residents of the Timashevsky District.



Olga Polovyanova
CEO
Nestlé Kuban

"NESTLÉ company has been presented in the Kuban for 13 years and constantly increases the level of production localisation. In 2016, we invested in the new technology of producing coffee with a delicate cream "crema" and launched two new products using this technology – NESCAFÉ Classic Crema and NESCAFÉ Gold Crema. We do not stop there, we are confident in the future and planning our further development in the region".





Magnit retail network (part of Tander)

The Magnit retail network is one of the leading food retail networks in Russia. In mid-2012, Magnit was one of the five largest (in terms of capitalisation) retailers in the world.

Magnit's headquarters is located in Krasnodar, where company opened its first supermarket in 1998 and first hypermarket in 2007.

In 2010, the company launched the Magnit cosmetics chain in Novorossiysk. In 2012, Magnit created Magnitenergo, a power supply company that serves its supermarket chain. In 2015, the company listed as one of Russia's backbone enterprises.

Magnit is the leading Russian supermarket chain, controlling the largest number of stores and the most shelf space. As of December 2016, the chain operated 13,835 stores, including 10,399 small shops, 230 hypermarkets, 185 supermarkets (Family Magnit) and 3,021 cosmetics shops (Magnit Cosmetics).

Magnit stores are located in seven federal districts in more than 2,436 locations across Russia. The chain has stores in big cities and small towns; about two-thirds of them operate in small cities with populations under 500,000. The chain has more than 3.3 million customers.

For better storage of food products and optimised deliveries to network shops, Magnit organised a logistics network that includes 34 distribution centres, an automated stock control system and a car-fleet control system (nearly 6,000 vehicles).

The Magnit retail network is the largest private employer in Russia with over 260,000 employees. The company has won several "most attractive employer" awards.

The Magnit retail chain is one of the largest non-natural-resource companies in Russia. At the end of 2015, the company held the 23rd place in the Forbes list of the 100 most innovative international companies, ahead of such global brands as Netflix (27), Visa (32), Mastercard (36), Starbucks (45), Adobe Systems (74), Coca-Cola (81), and H&M (86). In 2015, Magnit took third place among the Forbes list of the 200 largest private Russian companies. Also in 2015, Magnit took first place among the top-20 largest retailers in Russia in terms of revenue, according to Infoline, a market-research company.

For many years, JSC Tander, with Magnit as a part of its structure, has been a reliable partner of the Krasnodar Region regional administration and an important strategic investor in the region.

Every year, JSC Tander has increased its capital investments in a diverse and complex set of areas, from constructing a retail network and developing transport and logistic operations, to further developing its own production.

At the end of 2015, the construction of Zelyonaya Liniya, the largest modern greenhouse complex in Eastern Europe, was completed in the Dinsky district in the Krasnodar Region. It uses energy-saving technologies for year-round vegetable production with a total area of 120 hectares. It is one of the largest greenhouse vegetable-growing projects in Russia in terms of capacity.

In 2016, the company launched a regional distribution centre in Krasnodar with an estimated capacity of 1.2 million tons and a maximum capacity of 2 million tons per year. Today JSC Tander is working on creating a private industrial park near the village of Dorozhny. The company plans to invest about RUB 50bn by 2020 in the development of its own production.

For many years, the company has been actively pursuing a social responsibility policy. The company owns the Krasnodar Football Club. Among the elite teams in the domestic Russian football league, the club has also achieved good results in UEFA competitions. The football club operates a successfully developing football academy for children aged 5-11 with 26 branches in the Krasnodar Region.



In 2016, the construction of a new FC Krasnodar stadium was completed, with a seating capacity of 34,291, including 3,197 VIP-seats and boxes.

The football pitch (with a playing area of 105 by 68 meters) was constructed with the most advanced technologies, including heating, forced aeration, cooling,

and artificial illumination of the pitch. The technical features of the stadium can host UEFA and FIFA tournaments.

State Support System for Investors and Entrepreneurs

Tax preferences for investors

Investment project category	Corporate income tax	Corporate property tax	Term of tax preferences
Projects in the Krasnodar Region's priority economic sectors (with values ranging from RUB 50m to 5bn)*	18%**	from 0.5 to 1.1% (tax exemption up to 77% of due taxes)	Up to 3 years
Approved investment projects	13.5%	from 0 to 0.8% (tax exemption of up to 100% of due taxes)	Up to 5 years
Projects in the register of strategic regional investment projects	13.5%	from 0.02 to 1.1% (tax exemption of up to 99% of due taxes)	Up to 7 years
Other investment projects	18%**	2.2%	–

Contact:

Department of Investments and Development of Small and Medium-sized Enterprises of the Krasnodar Region
350014, Krasnodar, ul. Krasnaya, 57. Tel.: +7 (861) 251-73-10, www.investkuban.ru,
hotline for investors: +7 (861) 251-77-64

* Direct application to the tax authority (without any special agreement).

** 17% in 2017-2010.

State Subsidies by Industry Sectors

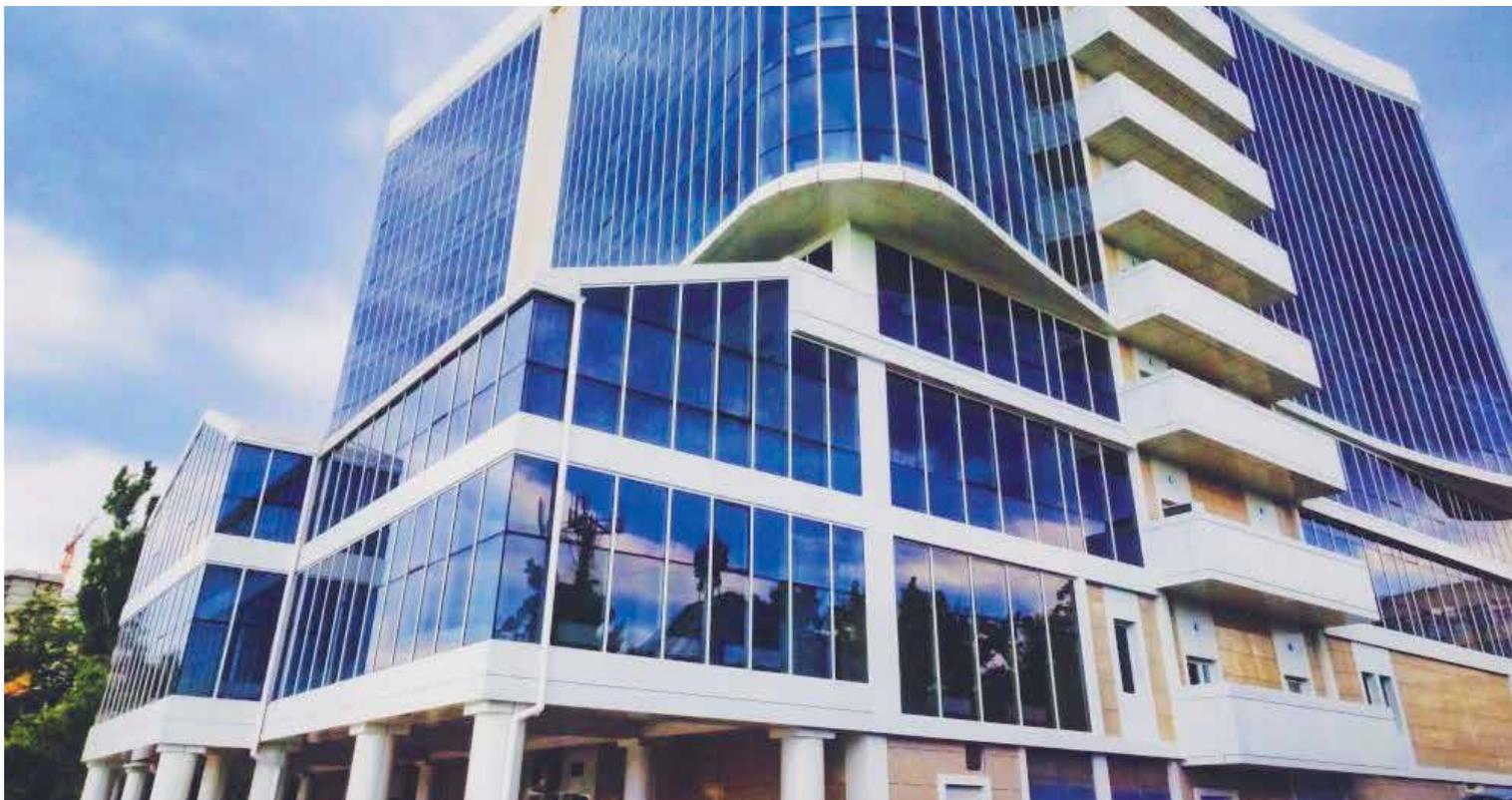
The government of the Krasnodar Region is always looking for new efficient ways to develop the regional economy and provide investors with effective support. We have created the most comfortable conditions for business development in the region, and our regional legal framework has been acknowledged as one of the best in Russia. Investors in the

region are eligible to receive both administrative support and substantial benefits.

The Appendix provides more details on state subsidies and tax relief by industry sector.



Development Corporation of the Krasnodar Region



Company overview

The Development Corporation of the Krasnodar Region is a regional state-owned company created in 2016 to develop the investment climate in the Krasnodar Region by attracting investors and participating in implementing production and infrastructure projects.

Main tasks of the corporation:

- creating industrial and IT parks, technological clusters and industrial zones;
- selecting and supporting projects to develop the Krasnodar Region;
- attracting investors and investment marketing, presentations and exhibitions aimed at promoting the investment potential of the Krasnodar Region;
- increasing the investment and innovation potential of the Krasnodar Region by developing infrastructure;
- stimulating investment and innovation in the Krasnodar Region to ensure the competitiveness of the regional economy, increasing employment and the quality of life for the people of the Krasnodar Region;
- assisting the organisation and implementation of public-private investment projects in the Krasnodar Region.

Industrial Parks and Production Sites



One of the priority investment policies in the Krasnodar Region is to engage modern hi-tech companies and advanced technologies in developing the industrial sector of the region's economy.

For this purpose, the Krasnodar Region is developing a network of industrial parks featuring special turnkey platforms that enable investors to launch production quickly at minimal expense. Both public and private industrial parks will be created.

The priority industries for the industrial parks include:

- agricultural, oil and gas, machine building;
- construction materials and equipment;
- food and food processing;
- pharmaceuticals and medical devices;
- woodworking and furniture manufacturing.

Plots of land in the city of Krasnodar (the Eastern Industrial Zone) and in the Pavlovsky District (the village of Pavlovskaya), as well as in the Abinsk District and the city of Armavir, were allocated as sites for industrial parks.

The Eastern Industrial Zone (EIZ) in Krasnodar is the region's priority industrial park project. A plot of 66.4 hectares was allocated in the suburbs of Krasnodar for the first line of the EIZ. The estimated capacity of the engineering networks for the first line of the EIZ: electric power – 30 MW, gas – 3,000 m³/hour, water supply and water drain – 3,000 m³/day. The second line of the industrial park will be constructed on an adjacent territory. The total area of the park may reach 330 hectares. Today, the EIZ territory is being connected to the engineering systems. In early 2015, the government of the Krasnodar Region and the Federal Grid Company of nited Energy System (FGC UES) signed an agreement on the construction of a 220 kV. Construction started in July 2016 and commissioning is planned for early 2018. The plan to connect the EIZ to the water supply and gas supply systems has been defined, the water drain and rain sewage schemes have been developed, and the construction of roads is now in the planning stages.

The regional government's focus is on the re-industrialisation of existing industrial zones. A vivid example of this is an industrial park project on the site of the former Krasnodar Compressor Plant. More than ten companies – potential industrial park residents – operate within the industrial park's 14.5 hectares. LLC KKZB, the industrial park's managing company, has available sites. Further plans include upgrading the infrastructure in order to attract new residents.

In addition, the development of the following industrial parks is now underway, including:

- *JSC Tander*

The company is currently building a private industrial park near the village of Dorozhny on a 236 hectare plot. The project is part of a tripartite agreement among the Krasnodar Region government, the City of Krasnodar,

and JSC Tander, signed during the 14th Sochi International Investment Forum. Production is expected to take place from 2017-2020. The total financing volume of stage 1 will be at least RUB 9bn for the construction, tea packing facilities, production facilities for pasta and other food products, and also household chemicals.

- *Basic Element* plans to build a private industrial park in Ust-Labinsk. The total park area will exceed 900 hectares by 2025. Stage 1 is planned for 2018. In January 2017, a ceremony was held to commemorate the launch of a power centre that will meet the park residents' demand for electricity. This will be a multi-industry park will feature manufacturing, construction materials and food production. Given the high demand for such products, the industrial park has the potential to provide strong returns to investors.

Government support for industrial parks

Category	Profits tax	Tax incentive period	Corporate property tax	Tax incentive period
Industrial park residents with an original property value of up to RUB 100m (tax base value)	13.5%	10 years	From 0.02% to 0.5% (tax exemption of 99% to 77% of the taxes due)	5 years
Industrial park residents with an original property value from RUB 100m to RUB 1bn (tax base value)	13.5%	10 years	From 0.02% to 0.5% (tax exemption of 99% to 77% of the taxes due)	7 years
Industrial park residents with an original property value of over RUB 1bn (tax base value)	13.5%	10 years	From 0.02% to 0.5% (tax exemption of 99% to 77% of the taxes due)	10 years
Industrial park managing companies	13.5%	10 years	From 0.02% to 0.5% (tax exemption of 99% to 77% of the taxes due)	7 years



Priority Investment Areas

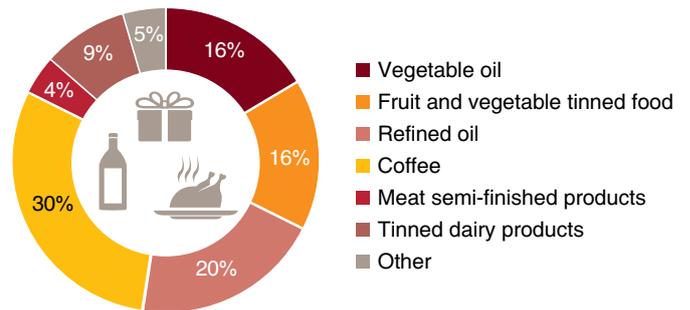
Agribusiness

The Krasnodar Region is one of the leading Russian agricultural and food-production centres. The agricultural land in the Krasnodar Region makes up 10% of the agricultural land in the entire Southern Federal District. The plains comprise mostly chernozem soils—with a total area of 4.8 million hectares, i.e. over 4% of Russia's and about 2% of the world's reserves – characterised by its dark colour, friability, good structure, richness in minerals and provision of high crop yields.

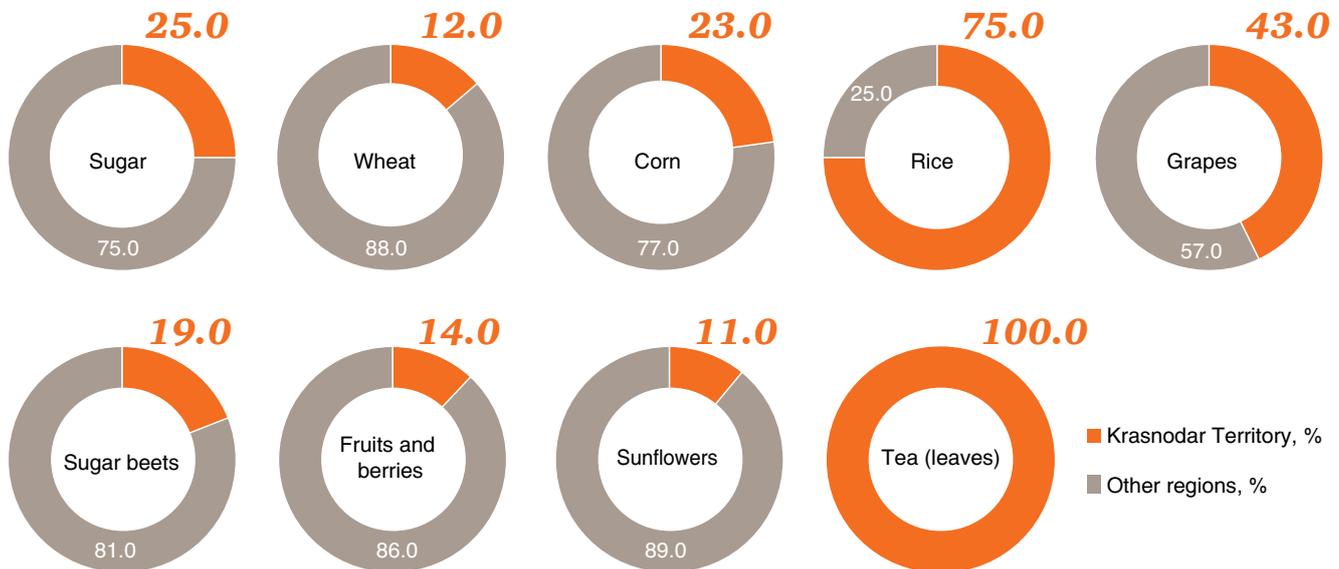
The natural conditions facilitate the planting of a full range of temperate and subtropical crops. The region regularly leads Russia in the production of grains, sugar beets, sunflowers, fruits, berries and grapes.

The Krasnodar Region holds the **1st place** in Russia for the volume of gross agricultural product

Share of the Krasnodar Region in Russian food production is 7,3%, including:



Share of the Krasnodar Region in selected agricultural products in Russia:



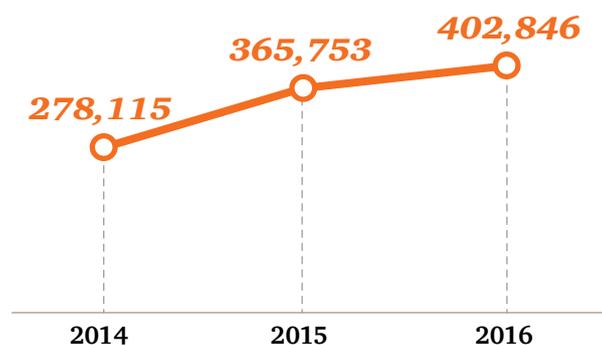
More than 2,200 businesses, including 200 large and medium companies, operate in the food industry in the Krasnodar Region. The industry produces more than 2,500 food products, more than 40% of which conform to European quality standards. The food products produced in the region include the following: oil and fat, dairy, meat, sugar, fruits and vegetables, and tinned food.

In 2013, the Unified Satellite Monitoring Centre of the Krasnodar Region was opened as part of a movement to develop precision agriculture. This is the first such centre in the country. The Centre enables officials and farmers to monitor every agricultural field in the region, and collect and analyse data on fertilisers, machinery, crop rotations, and soil fertility. The Centre owes its success to the work of regional officials, who were the first in Russia to provide a full digital classification of agricultural lands.

The main volumes of agricultural produce, livestock farming, plant cultivation are as follows:

- The volume of agricultural production amounted to RUB 402.8bn, or 105.3% of comparable prices for 2015.
- The gross 2016 grain and legumes harvest was 14m tonnes, an increase of 2% from 2015.
- The gross sugar beet harvest increased by 39% in all types of agribusinesses, amounting to 9.988m tonnes.
- In 2016, the gross sunflower harvest was 1.072bn tonnes, a 2% increase from 2015.
- Overall, enterprises and farms increased milk production by 2.2% and egg production by 11.6% in 2016.

Trends in agricultural production (2014-2016), in RUB.



Key Enterprises:

- *Agrocomplex n.a. N.I. Tkachev* (<http://zao-agrokomplex.ru/>);
- *Agroholding Kuban* (<http://www.ahkuban.ru/>);
- *Fanagoriya agroindustrial company* (www.fanagoria.ru/);
- *Bonduelle Kuban* (<https://bonduelle.ru/>);
- *Nestle Kuban* (<http://www.nestle.ru/>);
- *Labinsky branch of Danone Unimilk* (<http://www.danone.ru/>);
- *Sad-gigant* (<http://www.sadgigant.ru/>);
- *Southern juice company* (<http://www.yugsok.com/>);
- *Philip Morris Kuban* (http://www.pmi.com/ru_ru/);
- *Branch of Wimm-Bill-Dann (pepsico)* (<http://wbd.ru/>).



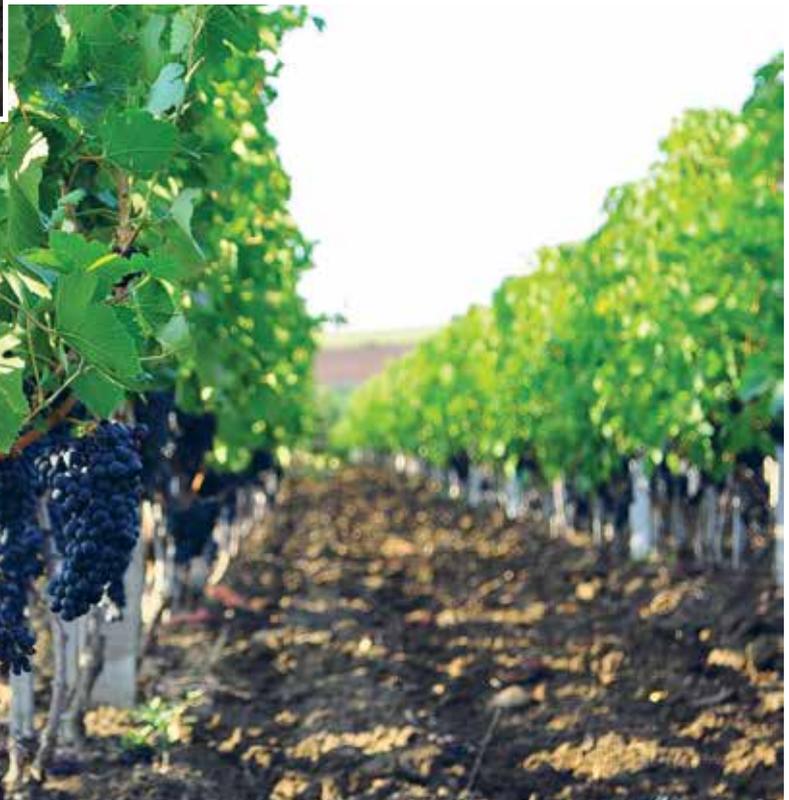
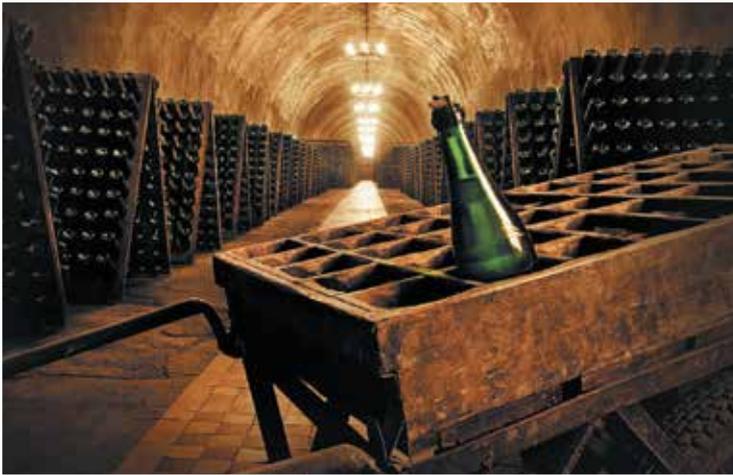
Wine Industry

The Krasnodar Region is one of Russia's largest winemaking regions thanks to the unique soils and climatic characteristics favourable for grape cultivation and wine production.

The region is famous for its rich traditions of planting, cultivating and producing natural dry, sweet, fortified, and sparkling wines. The total area of vineyards is 27,000 hectares, or about 40% of all vineyards in the country. The vineyards stretch along the most fertile lands of the seaside: the Taman Peninsula, Anapa, Sukko valley, Myskhako, Abrau-Durso, and many other areas with a lot of sunshine and fertile soils.

The wines produced in the Krasnodar Region are well known across all Russia. Wines produced in the region have won many prestigious international awards, and local companies such as Abrau-Durso (city of Novorossiysk), APF Fanagoriya (Temryuksky district), Kuban-Vino (Temryuksky district), Lefkadiya (Krymsky district) and others are known all over the world.

To provide winemakers with high-quality raw materials and increase the production of local wines, new vineyards in Krylovsky, Krymsky, Novorossiysk, Temryuksky and Yeysky have been planted. These projects will promote the development of a large Russian grape and winemaking cluster that will produce a considerable share of authentic Russian wines that are competitive domestically and internationally. Engaging the Republic of Crimea in this process will increase the areas of vineyards, lead to the exchange of best practices and production technologies, and also ensure the growth of the local raw material basis for the wine industry.





Hospitality & Tourism

The Krasnodar Region has a unique combination of recreation resources, including an excellent climate, warm sea, balneological resources, and picturesque natural landscapes. The region has become the most popular tourist destination in Russia, with 10% annual growth in tourism. In the past four years (2013-2016), investments in hospitality and tourism amounted to RUB 127.3bn.

In 2016, over 15.8m people visited the Krasnodar Region, a 6% increase from 2015.

The region has one of the most developed hotel and hospitality sectors in Russia. There are 673 tourism organisations currently working in the region, including 125 tour operators, 123 of which are working in the area of domestic and inbound tourism.

The XXII Olympic Winter Games and the XI Paralympic Winter Games have helped to develop transform the resort city of Sochi into a world-class alpine resort. The Krasnodar Region has an excellent reputation as one of Russia's best ski centres. In 2016, more than 1.5 million people visited the alpine areas of Sochi.

Balneological therapy and mud therapy in the Krasnodar Region are provided at 189 resorts with 143 balneological departments, 134 mud departments, and 60 mineral springs.

The Krasnodar Region boasts 286 tourist and excursion routes, including 92 hiking trails, seven bicycle routes, three water routes, 157 combined routes and 27 driving routes.

Key enterprises:

- *DiLUCH Ltd., Anapa resort city* (<http://diluch.ru>);
- *Krasnaya Polyana, Sochi resort city* (<http://gorkygorod.ru>);
- *Sanatorium Zapolyarie, Sochi resort city* (<http://www.zapolarye.ru>);
- *Orlyonok Russian Children's Centre, Tuapse district* (<http://center-orlyonok.ru>);
- *Health Trust Surgut – Surgutneftegaz, Tuapse district* (<http://www.otsurgut.ru>).

The following international hotel networks are currently operating in the Krasnodar Region: Accor Group, Azimut Hotels, Carlson Hospitality Worldwide, Golden Tulip, Hilton Worldwide, Hyatt International, Kempinski, Radisson Hotels & Resorts and Swissôtel Hotels & Resorts.

Six hotels located in the Krasnodar Region won 2017 Travellers Choice awards and were ranked among *the 25 best Russian hotels*:

- Citrus, Adler (1st place),
- RIXOS Krasnaya Polyana, Sochi, Esto-Sadok (5th place),
- Sport Inn Sochi (7th place),
- Pullman Sochi Centre, Sochi (14th place),
- Swissôtel Resort Sochi Kamelia, Sochi (15th place),
- Rodina Grand Hotel and Spa, Sochi (16th place).

Renovating tourist attractions is vitally important for maintaining and developing tourist infrastructure. More than 594 tourist attractions operate in the region, including 164 seasonal attractions and 430 that are open year-round.

The volume of tourist services rendered in 2013–2016 totalled RUB 373bn. In the first eleven months of 2017, this figure amounted to RUB 44.5bn, exceeding the comparable figure in 2016.

Manufacturing Industry

The Krasnodar Region includes more than 7,500 industrial enterprises of various specialisations, where about 86,000 people are employed.

The annual industrial performance for 2013-2015 increased by more than 25% and amounted to RUB 224bn in 2015. The industrial performance in 2016 grew by more than 4.7% in comparison to 2015, amounting to RUB 242.1bn. An increasing number of leading international manufacturers are building hi-tech plants in the region. Thanks to all these factors, the Krasnodar Region has become the leader in terms of industrial performance in the south of Russia.

The Krasnodar Region has identified the following sectors as **priorities for further development**:

- Agricultural and food industry engineering
- Construction materials
- Chemicals
- Petrochemicals
- Light industry (fibre and fabric production)
- Woodworking.

The machine-building industry in the Krasnodar Region includes railway, agricultural, chemical and oil and gas machine building, electro technical, mechanical engineering, space and military industries, instrument engineering, repair of vehicles and equipment, and others.

Key Enterprises:

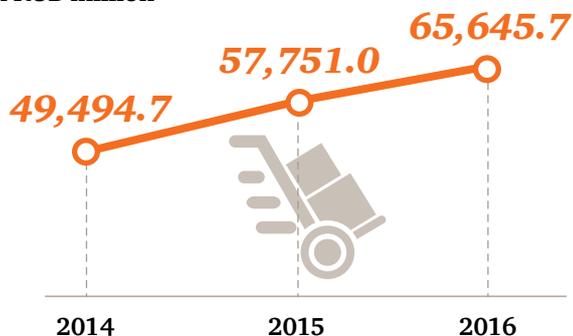
- *CLAAS* (www.claas.ru),
- *Saturn* (www.saturn.kuban.ru),
- *Defence industry*,
- *Vorovsky Tikhoretsky Machine Building Plant* (www.tmv.ru),
- *Armavir & Novozybkovsky Machine Building Plant* (www.nvzm.ru),
- *Afipelektrogaz* (subsidiary of Elektrogaz),
- *Armavirsky Gas Equipment Plant* (www.baltgaz.ru).

Metallurgical production and manufacturing of finished metal products in the Krasnodar Region is carried out by enterprises producing steel cast details, high-quality rolled metal, different metal structures for civil and industrial engineering, roofing, wall materials and other metal products.

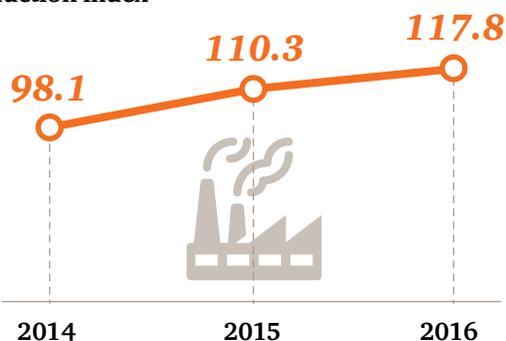
Over the last three years, a large number of construction and civil engineering projects have significantly transformed the region. Several large industrial enterprises were launched over this time to cover the demand for high-quality rolled metal, construction metal structures, roofing and wall materials, supports for power lines and road fencing.



**Volume of shipped goods,
in RUB million**



Production index



Key Enterprises:

- *Abinsky Electrometallurgical Plant* (www.abinmetall.ru),
- *Novorosmetall* (www.novorosmetall.ru),
- *Krasnodar Metallic Structure Plant* (www.oao-kzm.ru).

The *Abinsky Electrometallurgic Plant* is the largest enterprise in the industry. The enterprise is equipped with hi-tech equipment that ensures efficiency, quality, and minimal impact on the environment.

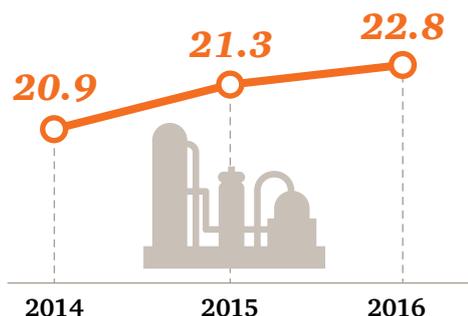
In 2010, the first line was opened for steel-rolling production of construction structures with a diameter of its cross-section from 8 to 32 mm and production capacity of 500,000 tons per year. In 2013, the second plant line was launched for steel-making production of steel cast parts with a square cross-section and a production capacity of 950,000 tons. The volume of the cast parts fully covered the rolling capacities of the first line with raw materials and also facilitated access to the international export market with 430,000 tons of commodity cast parts. In 2016, the construction project of the third plant line was implemented – the production of rolled wire and coil fittings with a production capacity of 600,000 tons per year. Moreover, the investment project “Construction of steel wire workshop at Abinsky Electrometallurgic Plant, 4th line” was launched.

In 2002, *Novorosmetall* was the first metallurgical enterprise to launch steel-making in the Krasnodar Region and today is the largest facility in the Southern Federal District for preparing and processing scrap metal. The steel-making plant produces up to 500,000 tons of steel parts per year.

The *Krasnodar Metallic Structure Plant* implemented the largest investment project in the industry in 2011 when it built a metal-structures plant with a hot galvanising workshop. The facilities produce more than 50,000 tons of large metal structures per year, including support for power lines and road fencing, as well as up to 40,000 tons of galvanised metal parts. The company is producing the materials for the bridge over the Kerch Strait.

The *oil-processing industry* of the Krasnodar Region is represented by five oil processing enterprises: *RN-Tuapse Refinery*, *Afipsky Oil Refinery*, *Krasnodar Oil Refinery* (*Krasnodareconeft*), *Ilsky Oil Refinery* and *Slavyansk EKO*.

**Oil refining volumes at oil refineries in 2014-2016,
thousand tons**

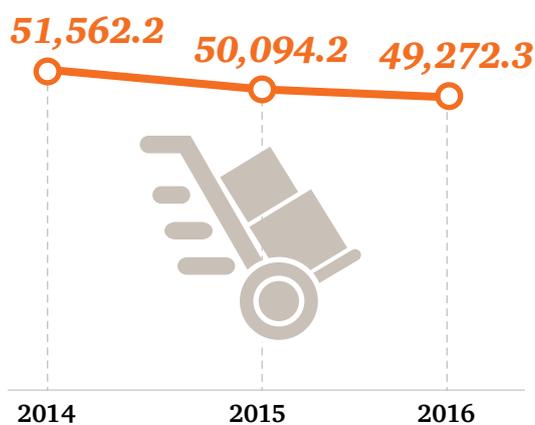


One of the many success stories in the Krasnodar Region is Rosneft’s project of constructing a new oil refinery with a capacity of 12 million tons per year. Rosneft is funding the construction of a new refinery and has created 607 new jobs.

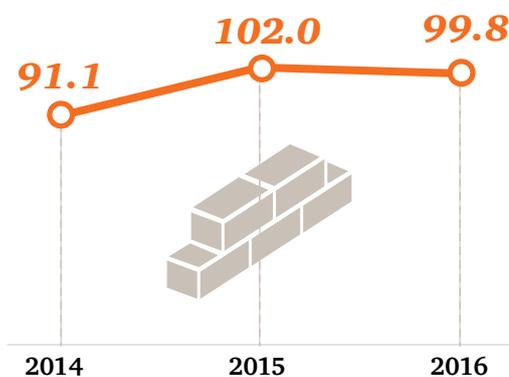
In October 2013, Russian president Vladimir Putin and Rosneft president Igor Sechin participated in a ceremony commissioning the installation of highly efficient equipment for the new facility. Once construction is complete, the depth of oil refining will reach 95%, the products will conform to Euro-4 and Euro-5 requirements, and the company’s product will improve at lower cost to the consumer. The new oil refinery will become the first high-quality oil-products plant in the Krasnodar Region.

Production of construction materials in the Krasnodar Region is the largest sector in the Southern Federal District. A wide range of construction materials are manufactured in the region, including cement, wall materials, reinforced and concrete products, dry construction mixes, gypsum products and artificial construction materials. In recent years, more than 60 new and modernised production facilities with modern technologies and imported equipment were put into operation to manufacture products conforming to European standards.

Shipped goods, millions of RUB



Production index



Key Enterprises:

- Novoroscement
- Verkhnebakansky Cement Plant
- Atakaytsement
- Slavyansky Kirpich
- Gubsky Bricks Plant
- Glavstroy-Ust-Labinsk

KNAUF GIPS Kuban (www.knauf.ru) is one of the leading manufacturers of gypsum products for construction.

The chemical industry in the Krasnodar Region is represented by enterprises engaged in chemical production, rubber manufacturing, and plastics.

Over the past three years, the chemical industry has experienced robust growth. The volume of shipped goods in 2016 amounted to about RUB 40.3bn (1.3 times more than in 2014).

From 2014-2016, the number of chemical companies increased, reaching over a thousand companies and employing about 10,000 people.

The majority of rubber and plastics in the region is produced by *Constantia Kuban* (www.constantia-kuban.com), the largest enterprise in European Russia and the leading producer of flexible polymeric packaging (ensuring long-life food products). The enterprise is part of Constantia Flexibles Group, the world's leader in the manufacturing of flexible packaging materials and is an economic entity with 100% foreign capital (Austria). Constantia Kuban uses the latest technologies to manufacture multi-layered flexible combined materials and to apply extrusive surfaces, laminates, plasters with glues and microwax, and varnishes.

Located near the town of Belorechensk, *EuroChem-Belorechensk Mineral Fertilizers* is one of the largest Russian chemical enterprises. It manufactures a wide range of products, specialising in mineral (phosphorous and compound) fertilizers. The plant was built in 1977 as the Krasnodar Chemical Plant. In 1980-1990, the plant manufactured non-concentrated nitric acid, superphosphoric acid, sulfamic acid, liquid complex fertilizers, wet-process phosphoric acid and fluorine silicate.

Since 2002, the company has been part of EuroChem, a vertically integrated agrochemical company that is one of the most rapidly developing manufacturers of fertilizers. In the same year, the first large-scale modernisation of the facilities took place. In 2008, EuroChem mastered the production of ammonium dibasic phosphate, mono-ammonium phosphate sulphate and NPK. The company produces about 60% of the chemical products in the Krasnodar Region, 550,000 tons. According to company data, approximately 60% of their products are exported and 40% remain in the country. In 2015, Russia's import-substitution programme led to an increase in demand for mineral fertilizers. The company annually invests about RUB 1bn for modernising the plant. From 2016 to 2019, EuroChem plans to build four new workshops and create up to 250 new jobs.

Kuban-Polymer is a large company specialising in polymer products. For the past 15 years, it has been successfully competing in the Russian market of polymeric dispersion and latexes based on vinyl acetate, and is the sole manufacturer of these products in the south of the country. The company supplies products to Belarus, China, the EU, Kazakhstan, Japan, Romania, Ukraine, the US, and Turkey.



The light industry in the Krasnodar Region is represented by textile, fabric, clothing, and leather production and includes 492 business employing more than 4,900 people.

Key Enterprises:

- *Alexandria* (www.alexandria-krasnodar.com)
- *Slavyanskaya Sewing Factory* (www.slavyanca.ru)
- *Bris Bosfor* (bris-bosfor.ru).

The glass, china, and faience industry in the Krasnodar Region is represented by eight large and medium-sized enterprises with an average number of personnel of over 1,500 people. In 2016, the volume of shipped glass and ceramics products grew by 122.6% in comparison to 2015, totalling RUB 3.2bn.

The key enterprise of industry is *Ruscam Glass* (www.ruscam.ru), which produces glass containers for wine, champagne, alcoholic beverages, beer, and soft drinks.

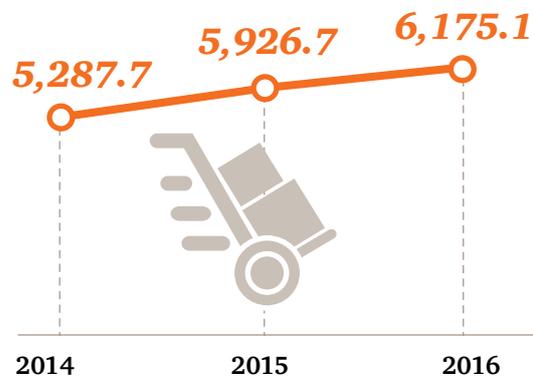
In May 2007, an investment agreement was signed between the Krasnodar Region and Ruscam Glass on the construction of a new hi-tech plant producing glass containers in the territory of the Krymsky district. The investment project created a modern glass production facility in the Krymsky district and filled the demand for high-quality glass containers in the food processing industry.

Ruscam Glass has clients in Russia and abroad. Currently, the plant is launching projects with winemakers on the Crimean Peninsula. As of today, contracts for delivery of glass products have been concluded, and the ferry shipment of products has been organised.

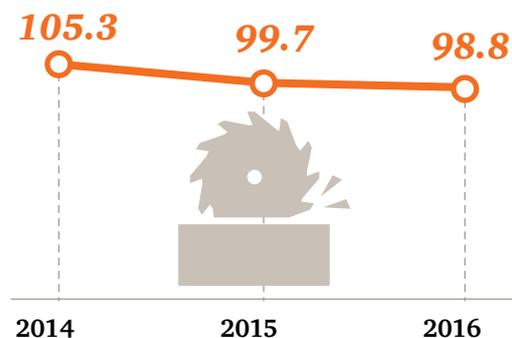
The woodworking industry is represented in the Krasnodar Region by enterprises manufacturing MDF boards, timber, parquet, furniture boards, furniture parts, long products, furniture, etc. Most of these operations are mainly small and medium-sized enterprises employing up to 100 people.

The leading enterprise in this sector is *PDK Apsheronsk* (www.a-pdk.com), the largest woodworking plant in the Krasnodar Region. The enterprise was established as part of a pilot project. Today, the enterprise is completing an investment project on making MDF boards and related products. Since the beginning of the project, RUB 9.5bn have been invested and 670 new jobs created. The company built a modern production facility for various boards and laminated parquet with a production capacity of over 300,000 cubic meters per year. The enterprise started producing and shipping MDF boards in January 2015. Today, the company produces MDF boards and reinforced HDF boards, and is commissioning a line for laminated flooring. Upon reaching its design capacity, the plant in Apsheronsk will produce about 8 million square meters of laminate, which is 10% of all the laminate volume in Russia.

Shipped goods, millions of RUB



Production index



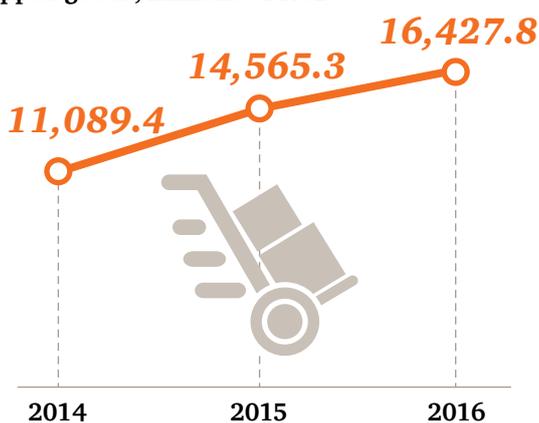
The pulp-and-paper and printing industries are represented in the Krasnodar Region by manufacturers of consumer packaging, transport boxes, pulp base, and domestic and sanitary products, as well as printing plants. Most of these operations are mainly small and medium-sized enterprises employing up to 100 people.

Key Enterprises:

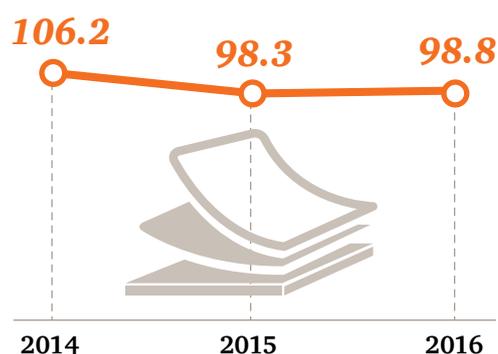
- Apolinariya (www.akarton.ru);
- SCA Packaging Kuban;
- AR Carton (www.ar-carton.com).

AR Carton (Sweden) was founded in 2000. The plant produces cardboard packaging for the confectionery, tobacco, and chemical industries. AR Carton is part of the international group A&R Carton GmbH, one of the leading European manufacturers of packaging, with 15 plants in 9 countries worldwide. In recent years, AR Carton has been one of the most competitive packaging suppliers in Russia. The company has continuously improved production technologies and developed production capacities to ensure high quality products that conform to international standards. Their clients include such international companies as Danone, McDonald’s, Nestle and Philip Morris. Since 2000, the company has invested more than RUB 2bn in production equipment that cannot be found elsewhere in Russia.

Shipped goods, millions of RUB



Production index



The furniture industry – is one of the more traditional sectors in the Krasnodar Region. Most of the furniture manufacturers are small and medium-sized enterprises. Kuban furniture makers produce a wide range of furniture: from solid wood products to economy class furniture and metal furniture.

Key Enterprises:

- PF Pollet (www.pollet.ru);
- Apsheronky Les (www.apshera.ru);
- IE Linevich (Furniture plant E-1) (www.e-odin.ru).

The production index in terms of furniture manufacturing was 118.7%. The volume of shipped goods in this sector grew by 105.8% in 2015, totalling RUB 1.5bn.

Construction

The Krasnodar Region consistently leads in the construction of new housing, ranking 1st in the Southern Federal District and 2nd only to the Moscow Region.

The industry employs over 200,000 people.

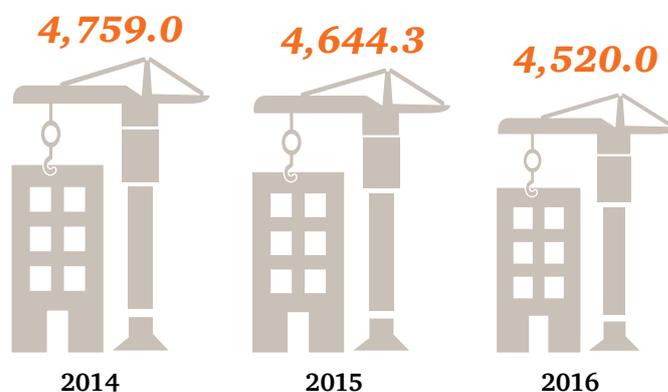
The construction industry’s share is one-fifth of the gross regional product.

New facilities brought into operation from 2014-2015 in the region included:

- 13.9m square metres of housing
- social and cultural amenities (kindergartens, schools, institutions of higher education, hospitals, clinics, etc.) for 15,471 attendees.

In 2016, RUB 252.1bn worth of construction projects were undertaken in the region.

New housing in the Krasnodar Region, thousand sq.m.



Leaders in building new housing among developers of the city of Krasnodar in 2015 were:

- Neftstroyindustriya-Yug (177,997 square metres);
- Development-Yug (153,665 square metres);
- AlfaStroyComplex (92,742 square metres);
- YugStroyInvest Kuban (90,993 square metres).

Information and Communication Technology

Over the last few years, the Krasnodar Region became a leader in the sphere of information technologies. Businesses have access to the most advanced telecommunication and information services. The main sectors in the ICT industry are:

- information support (including use of information technology to create public information resources and ensure access to them);
- telecommunications (including use and conversion of radio frequencies) and mail service;
- mass communications, including development of the Internet, television (including digital) broadcasting and radio broadcasting, and new technologies in these areas.

In 2016, 16.2 out of every 100 people were subscribers to fixed broadband Internet.

By the end of 2016, the number of base stations had reached 14,307 units.

The level of mobile penetration was 242.1 for every 100 people in 2016.

In terms of the number of subscribers and the level of penetration of broadband Internet and mobile communication, as well as the share of revenue of mobile operators, the Krasnodar Region is among the leaders in Russia. Kuban is also one of the few regions where advanced telecommunication technologies (4G/LTE, LTE-Advanced, 5G networks) are piloted before being implemented in Russia more broadly.

In general, in terms of the volume of communication services, the Krasnodar Region consistently ranks in the 3rd place in Russia after Moscow and St. Petersburg.

Large communication companies:

- Rostelecom (<http://www.rostelecom.ru/>);
- Vimpelcom (<http://www.beeline.ru/>);
- Mobile TeleSystems (<http://www.mts.ru/>);
- MegaFon (<http://www.megafon.ru/>);
- T2 Mobile (<http://www.tele2.ru/>).



The information and communication technology infrastructure in the Krasnodar Region is facilitated by the favourable climate, political and social stability, high level of consumer culture, developed entertainment market, well-developed infrastructure, and highly qualified personnel.

In general, according to experts, about 500 developers and 1,500 IT specialists move to the region every year. The average salary in the region for software developers is about RUB 60,000-100,000 monthly.

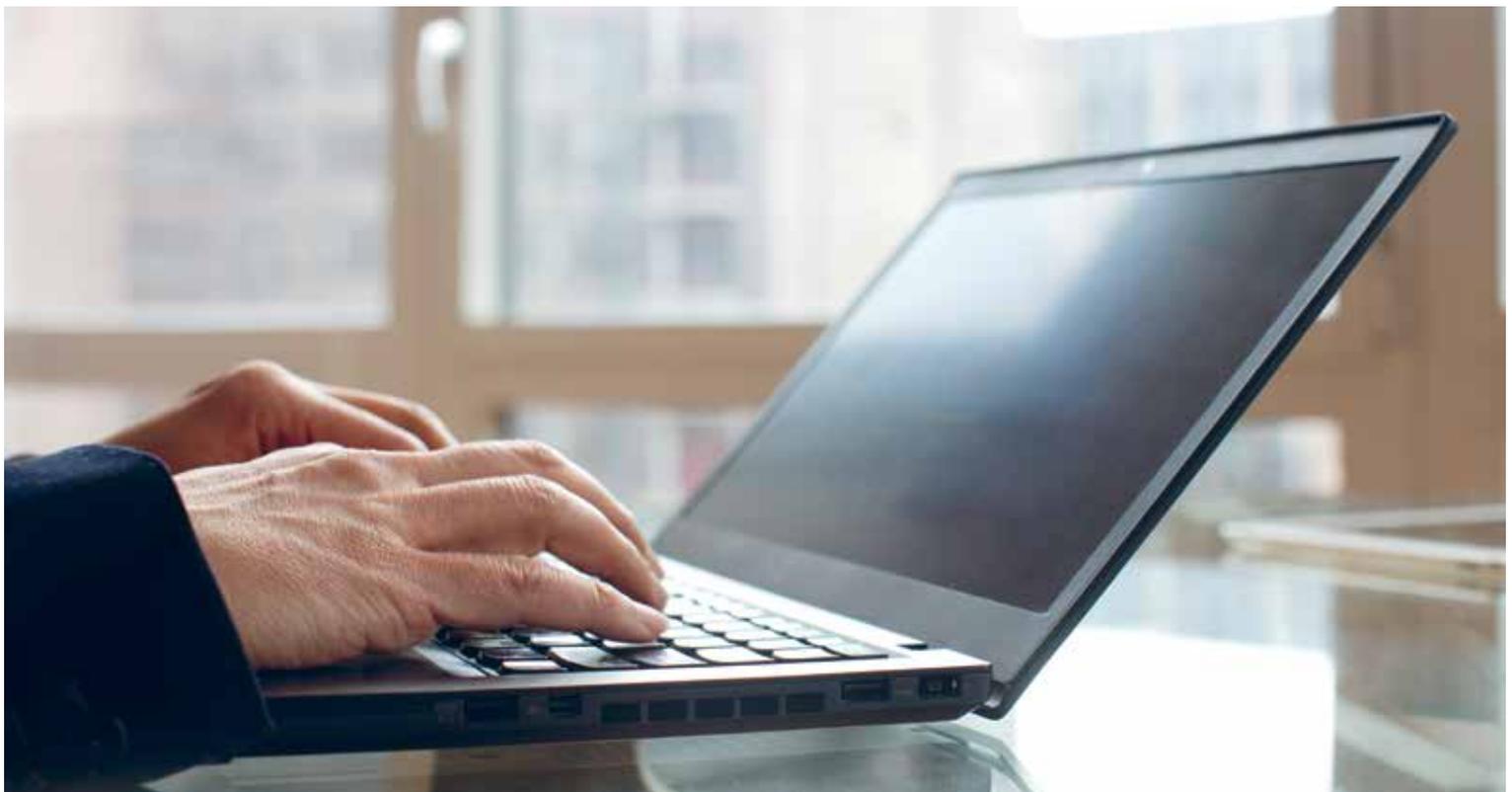
The IT Park launched in 2013 continues to develop. One of its residents is Robocube studios, whose team won the 1st place at the 8th Russian Robofest held in Moscow in April 2016.

Many large Russian and international IT companies have set up offices in the region to take advantage of the talented, educated population.

For example, 1C opened an office there in 2006. In 2012, IBM also opened an office. One of the largest system integrators in Russia, NVision Group, opened offices in the Krasnodar and Sochi. The knowledge economy is developing in the Krasnodar Region. The market for business. The market for business and gaming applications is expanding, and other projects are being launched in the areas such as advanced manufacturing and telematics.

In 2016, the telecom giant MTS teamed up with the largest agricultural machinery manufacturer, CLAAS to install SIM-cards in combine harvesters, tractors and other machinery equipped with TELEMATICS systems. The control and management system can remotely obtain information on the condition and location of transport vehicles and machinery in order to analyse a variety of production issues. Every 15 seconds, the information is recorded on a flash card in the vehicle, and every 15 minutes an analytical report comes to the TELEMATICS system server. A total of 15,000 thousand passenger, cargo and construction vehicles in the Krasnodar Region are equipped with the company's SIM-cards.

In 2012, the Krasnodar Region and MTS collaborated on opening a unique unified centre for mobile network operations, the only such facility in Russia.





Financial Sector

Offices of 26 of the 30 largest Russian banks (more than 1,400 structural divisions of credit institutions), as well as 64 out of 100 leading insurance companies operate in the Krasnodar Region. Some of these banks are backed by financial institutions from the European Union.

In 2016, the region's financial sector maintained its leading position among Russian regions in terms of indicators such as banking and insurance infrastructure, assets of the banking sector, volume of loans issued to SMEs, volume of mortgage housing lending, volume of collected insurance premiums and volume of investments attracted in the stock market.

Priority areas for loan provisions in the economy in the Krasnodar Region are:

- loans for the agribusiness, industry, hospitality and tourism, SMEs;
- development of mortgage housing lending;
- loans for long-term investment projects.

In 2016, the economy of the region attracted loans totalling RUB 1.67 trillion:

- the volume of loans provided to SMEs in 2016 exceeded RUB 225bn
- about 23,000 mortgages were issued, and the volume of mortgage lending reached RUB 37bn (17% of the total retail lending amount).

Over the last three years, the loan portfolio of the banking sector has grown on average by 15% in terms of the volume of the issued loans to regional enterprises and residents.

Insurance Market

The region is one of the leaders in the insurance market, ranking fourth overall among Russia's 83 regions in 2016 in terms of collected insurance premiums (RUB 26.25bn, or 114% of the 2015 results).

Priority directions for the development of the insurance market are:

- developing voluntary insurance and financial literacy;
- ensuring legal rights and obligations of insurers while maintaining the balance of interests of the state and insurers.

The Krasnodar Region is one of the few Russian regions that have implemented a regional insurance programme for residential property (launched in February 2015).

Over the last three years, regional issuers have issued securities exceeding RUB 157.2bn. On the stock market, Kuban enterprises have attracted over RUB 131.4bn.

Since 2008, programmes to increase the financial literacy of the population have been implemented in the region. The Krasnodar Region is a participant of the federal project "Assistance in increasing the level of financial literacy of the population and developing financial education in the Russian Federation". In 2016, law No. 3424-KZ "On state policy in the sphere of financial education of the population of the Krasnodar Region" was adopted in the region.

From 2014-2016, over 99,000 residents attended 2,600 public events organised to improve the financial literacy of Kuban residents.

Why Krasnodar Region is a Good Investment Opportunity

2014 Winter Olympic Games in Sochi

In 2014, the XXII Winter Olympic Games and the XI Winter Paralympic Games were held in Sochi. The Sochi Olympic Games were one of the largest Russian projects of the last 20 years. Not only were two clusters of sports venues constructed practically from scratch (the Olympic Park and the Mountain Cluster in Krasnaya Polyana), but the infrastructure of a huge region in southern the Krasnodar Region was also modernised. New power plants and power grids, underwater gas pipelines, sewage treatment facilities, a port and an airport, unique highways and railways with a number of bridges and tunnels, numerous hotels and houses were built in Greater Sochi. Thanks to its modern infrastructure, Sochi has become a world-class international sports centre and a year-round resort. Given the significance of Sochi as Russia's premier resort, this development is important for the whole country.

The Sochi Olympic Games gave a powerful impetus to development athletics and healthy lifestyles in Russia, and were also a powerful engine of economic growth and job creation (600,000 new jobs). The total expenses for the Olympic Games borne by the state and private investors reached RUB 214bn (99bn from the state budget), and expenses for the modernisation of infrastructure in Sochi and the Krasnodar Region exceeded RUB 1.5 trillion.

Formula One in Sochi

Starting from 2014, Formula One has been held annually in the Krasnodar Region in Sochi - the Grand Prix of Russia. The Formula One Grand Prix in Sochi is one of the most exciting international sports events and plays an important role in positioning the Krasnodar Region as a unique place for tourists from around the world. The track runs through the territory of the Olympic Park and has 16 turns. The length of the track is 5,848 meters. In its first year, the Grand Prix of Russia was officially recognised as the best Formula One cup of the season.





2018 FIFA World Cup

For the first time in history, Russia will host the FIFA World Cup. The decision to determine the host country of the 2018 FIFA World Cup was taken on December 2010 at FIFA headquarters in Zurich. After presentations of all the bidders, the absolute majority of votes of the FIFA Executive Committee Members were given to Russia, and the country was granted the right to hold the 2018 FIFA World Cup.

Among 11 cities to host the World Cup, the Krasnodar Region is represented Sochi, the Olympic capital. World Cup matches will be held at the Fisht Olympic Stadium with a seating capacity of 45,000. The stadium will be reconstructed for football matches.

Kuban wines

The Kuban wine tradition has a long history: from ancient Greeks to the founders of new Russian winemaking, the agronomist Fedor Geyduk and Prince Lev Golitsyn. Today, Kuban accounts for the majority of Russian vineyards. The secret of the high quality of premium Kuban wines lies first of all in the terroir where the grapevines grow and where wines are stored. The unique soil and climatic conditions in Kuban, together with the long tradition of winemaking, have enabled local producers to take the lead in Russian winemaking and compete with the best in the world. Today, the culture of drinking alcoholic beverages and being a wine “connoisseur” are an indicator of prestige and even status, just like speaking French in the Pushkin era.

Forum in Sochi

The Russian Investment Forum in Sochi is currently the main investment fair in the country and one of the largest platforms in Russia for the productive dialogue between business and government. The Sochi Forum is an annual event aimed at attracting investment, presenting priority investment projects in Russian regions, and promoting their potential on domestic and foreign markets. National and regional officials, Russian and international top managers, heads of diplomatic missions, major investors and leading business experts traditionally take part in the forum.

The first Kuban Economic Forum was held in Sochi in 2002 as a regional event aimed at raising the profile of the Krasnodar Region with prospective investors. In 2007, the forum was rebranded as an investment forum, and Sochi became a candidate city to hold the 2014 Winter Olympics.

Over fifteen years, the forum has become one of the largest international business events in Russia. More than 4,500 people from 37 countries participated in the 2017 Sochi Forum. The Krasnodar Region has signed 196 agreements worth about RUB 140bn.

State Academic Kuban Cossack Chorus

The State Academic Kuban Cossack Chorus is the oldest and largest national Cossack group is part of the especially rich cultural heritage in the Krasnodar Region. It is the only professional folk group in the country that has an uninterrupted history dating back to the beginning of the 19th century. The Chorus's vividness, identity, temperament and skills have enthralled audiences all over the world.

The Chorus is, in a certain sense, a historical monument that uses culture and art to demonstrate the military and cultural history of Kuban, the Kuban Cossack army, the classical secular and religious culture of Ekaterinodar, the tragic events of the Civil War and the 1930s, and of the Soviet "big style" aesthetics in national art.

In 2011, the Kuban Cossack Chorus celebrated its 200th anniversary.





Ataman Cossack Village Ethnographic Center

The Ataman exhibition is an important symbol of Kuban Cossack culture: highly diverse, beautiful, and generous. It is a large and unique open-air exhibition that will take you hundreds of years into the past and make you feel the spirit of the Cossacks, their unbending will, and absolute freedom. The location was not chosen at random. The Taman Turkish fortress was located on the lands gained by Russia from the Ottoman Empire and presented by Catherine II to the Zaporozhye Cossacks who took part in the Russo-Turkish wars.

This land has historical meaning. Two hundred years ago, the first Black Sea Cossacks landed on the shore of the Taman Gulf of the Black Sea at the foot of Lysaya Mountain. On this land, an Orthodox church was built, which launched the history of Kuban. Taking into account these facts, it was decided to create an exact replica of the Cossack village on Lysaya Mountain in the village of Taman in the Temryuksky district of the Krasnodar Region. Ataman has become an important tourist attraction. Tourists from all Russia come to the village to learn about the life of the Cossacks, try Kuban dishes and enjoy the festive atmosphere

Ceremony of the honour guard parade of the Hour of Kuban Glory Cossack Army in Krasnodar

The Hour of Kuban Glory, a beautiful and traditional honour guard ceremony conducted by the Kuban Cossack Army, is held every Sunday at 12:00 and on holidays, from the beginning of spring and until late autumn. This old tradition was revived in 2006. The parade of the Cossack Guard starts at Alexander Nevsky church, after which the Cossacks, dressed in their beautiful ceremonial uniform (copies of the uniform of the first and second hundreds of body guards of His Imperial Majesty Escort) march past Krasnaya Street, taking over the post at the Cossack historical monument.



The guard of honour of the Kuban Cossack army, a horse group and the Premiere Kuban brass band participate in this exciting event.

Kinotavr film festival

Held annually in Sochi, the open Kinotavr film festival is one of the most popular film festivals in Russia. The initiative was supported by the film community, and the national Kinotavr festival was born in Sochi in 1991, headed by Mark Rudinstein and Oleg Yankovsky, the president of the festival from 1993 until 2004.

Apart from movie screenings, the Kinotavr programme includes various cultural events: master classes, press conferences, numerous business and informal meetings, and creative discussions. Pitching (a film project competition) is also part of the festival, where filmmakers can promote their ideas and films and find investors in the Russian and foreign film markets.

Kinotavr in Sochi has become one of the brightest and most respected creative forums, and a significant event in the cultural life of Russia and other countries.

Useful Contacts

Administration of the Krasnodar Region

Head of Administration (Governor) of the Krasnodar Region
Veniamin Ivanovich Kondratyev
350014, Krasnodar ul. Krasnaya, 35
Tel.: +7 (861) 268-60-44 (multichannel phone 24/7)
admkrain.krasnodar.ru, post@krasnodar.ru

Department of Investments and Development of Small and Medium-sized Enterprises of the Krasnodar Region

350014, Krasnodar ul. Krasnaya, 57
Tel.: +7 (861) 251-73-10
kubaninvest.ru
investkuban@krasnodar.ru

Investment Portal of the Krasnodar Region investkuban.ru

Hot line for improvement of the investment climate in the Krasnodar Region
Tel.: +7 (861) 251-77-64

Development Corporation of the Krasnodar Region

350000, Krasnodar ul. Tramvaynaya, 2/6, floor 5, office 504
Tel.: +7 (928) 223-98-65
www.kubankrkk.ru
krkk@investkuban.ru

Centre for Business Support in Krasnodar

(provides a range of services for financial, marketing, information, legal, patent and licence support for SMEs)
350911, Krasnodar ul. Tramvaynaya, 2/6
Tel.: 8 (800) 707-07-11

Microfinance Fund for SMEs in the Krasnodar Region

350911, Krasnodar ul. Tramvaynaya, 2/6
Tel.: +7 (861) 298-08-08
info@fmkk.ru

Guarantee Fund to Support SMEs in the Krasnodar Region

350911, Krasnodar ul. Tramvaynaya, 2/6
Tel.: +7 (861) 992-03-65; +7 (861) 992-03-68
info@gfkuban.ru

Independent Power Distribution Company of the Krasnodar Region

Tel.: +7 (861) 992-70-00
Fax: +7 (861) 992-70-55
nesk@nesk.ru

Kubanenergo

Phone: +7 (861) 212-24-03
Fax: +7 (861) 268-24-93
telet@kuben.elektra.ru

PwC

Moscow

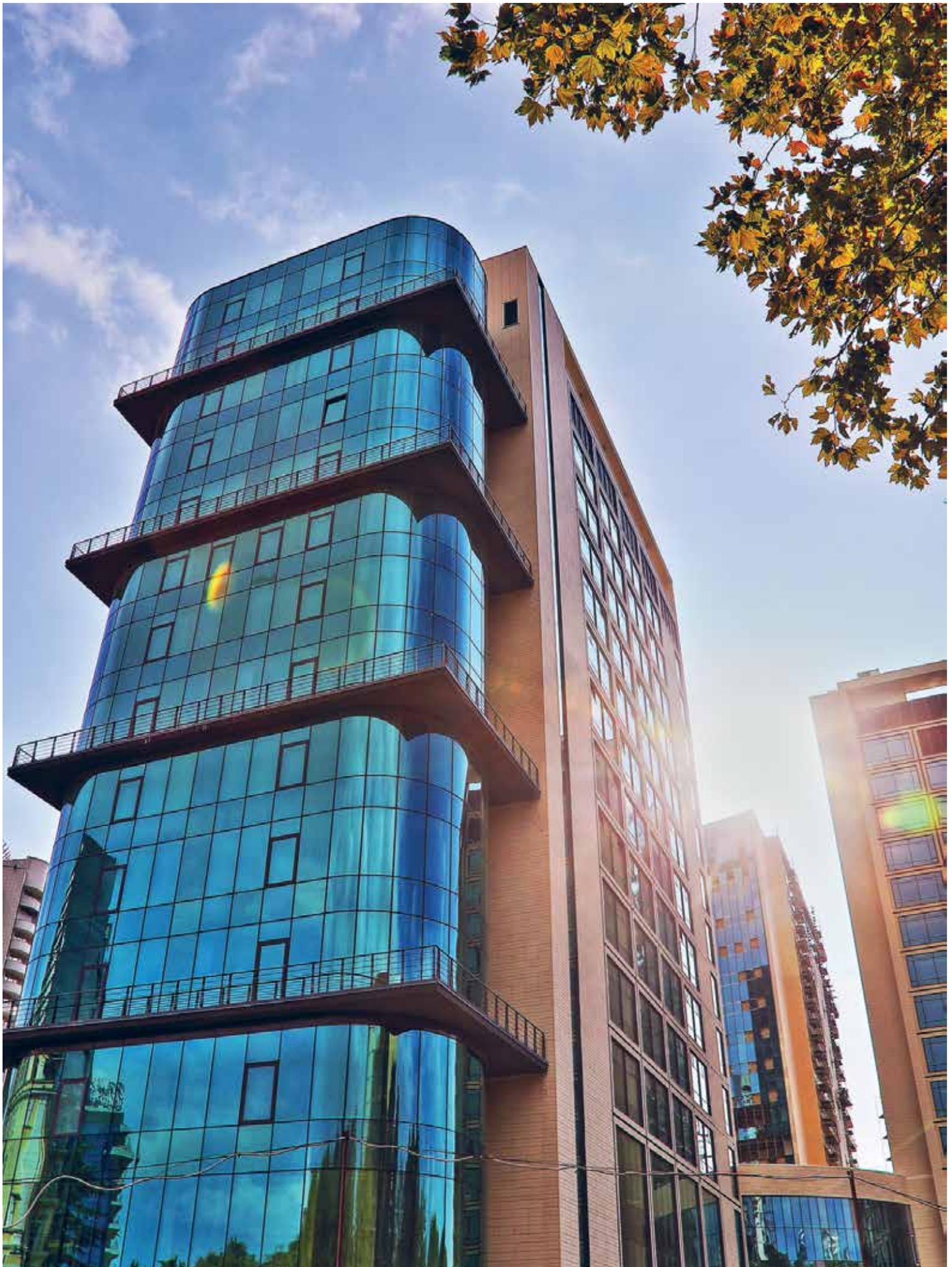
125047, Moscow
ul. Butyrsky Val, 10
White Square Business Centre
Tel.: +7 (495) 967-60-00
Fax: +7 (495) 967-60-01
www.pwc.ru

Krasnodar

350015, Krasnodar
159 n.a. M. Sedina street
4th floor, office 407
Tel.: +7 (861) 210-55-00
Fax: +7 (861) 210-55-44

Head of PwC office in Krasnodar
Vyacheslav Solovyev
vyacheslav.solovyev@ru.pwc.com

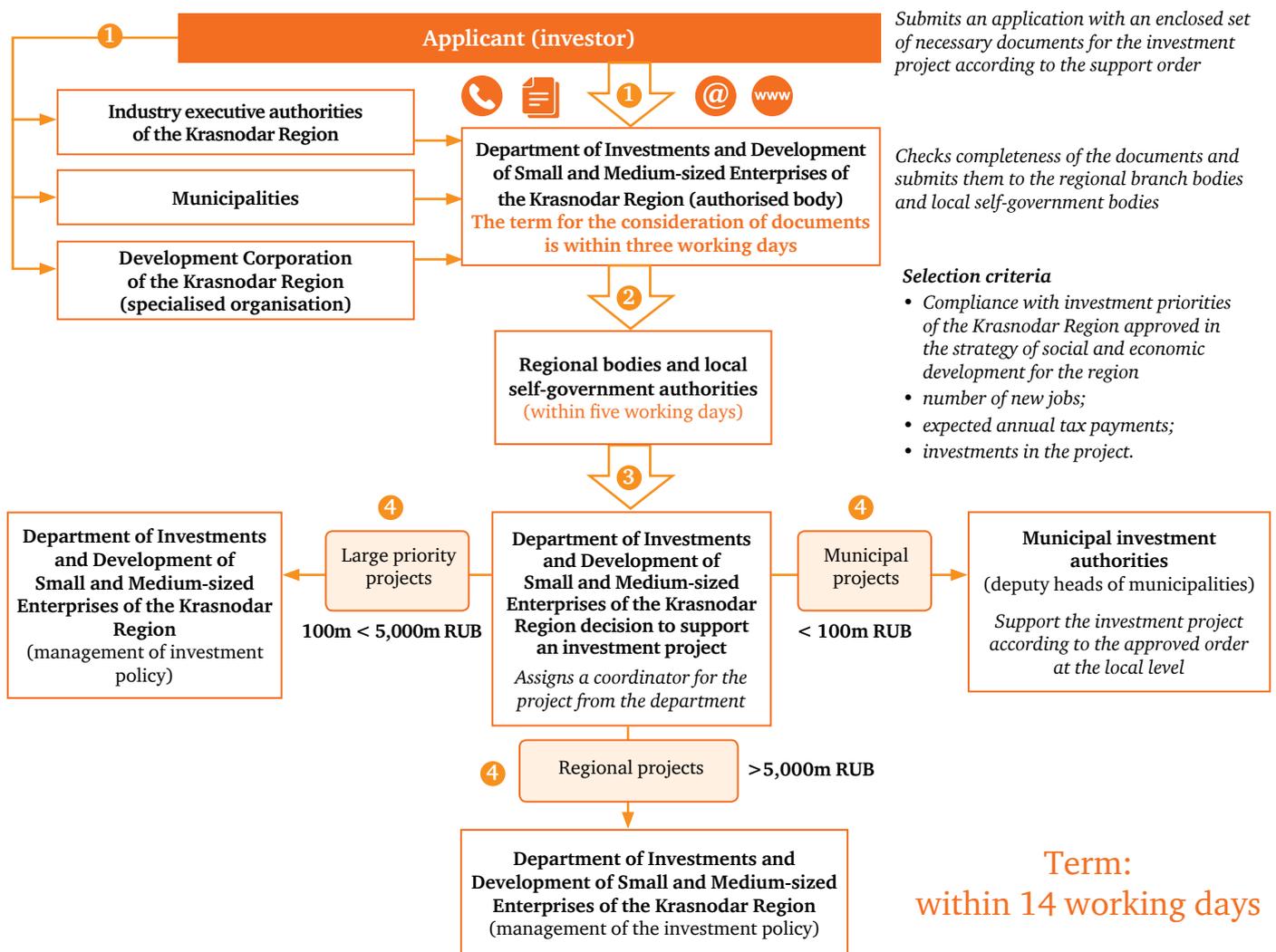




Appendix

Selecting Investment Projects for State Support

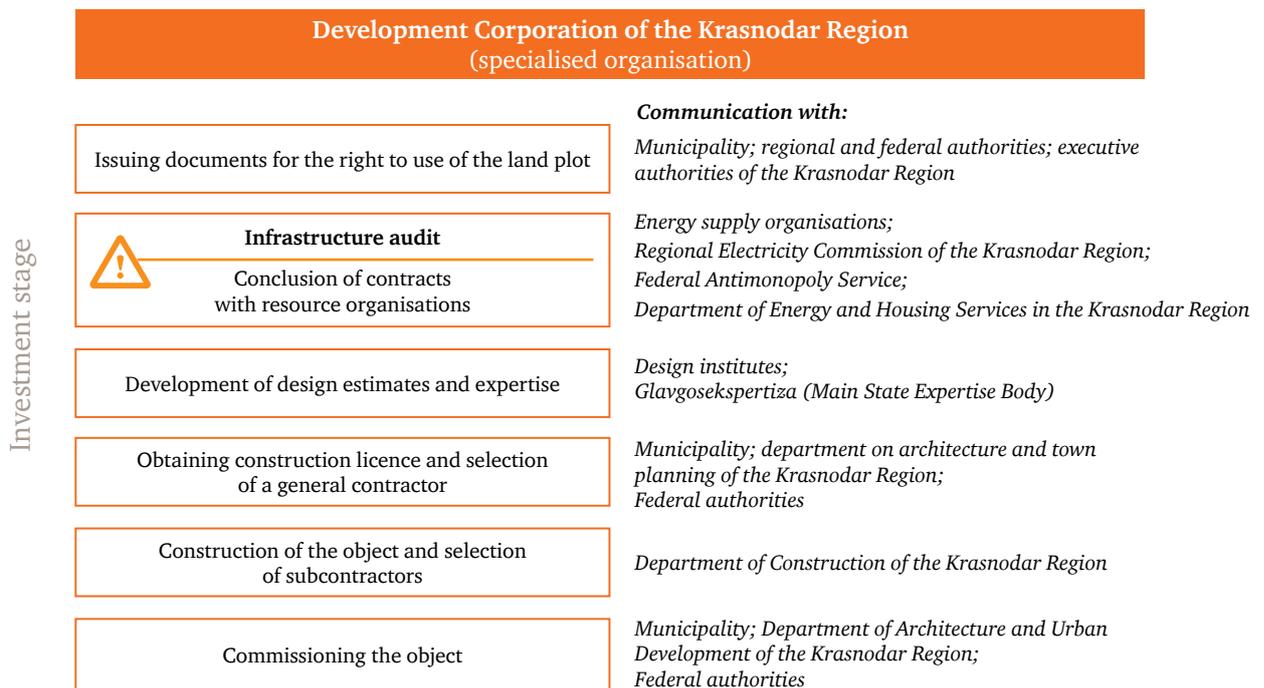
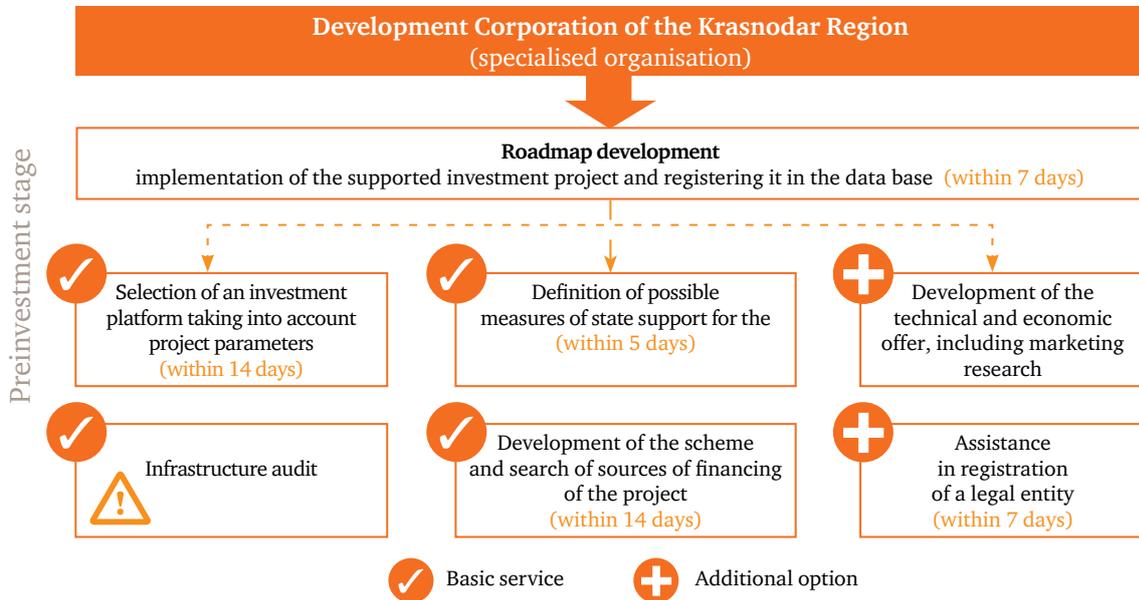
(approved by order of Department of Investments and Development of Small and Medium-sized Enterprises of the Krasnodar Region from 19.07.2016, No. 70, "On Approval of the Procedure for Support of Investment Projects Implemented and/or Planned for Implementation in the Krasnodar Region")



Monitoring of project implementation



Selecting investment projects (based on the one-window principle)



Operation stage



State Subsidies by Industry Sectors

Subsidy type	Subsidy size	Regulations
Agribusiness		
<i>Contact: Ministry of Agriculture and Processing Industry of the Krasnodar Region, 350000, Krasnodar, ul. Rashpilevskaya, 36, Phone +7 (861) 214-25-56, e-mail: msh@krasnodar.ru, www.msh.krasnodar.ru</i>		
Subsidies for partial compensation of expenses for the purchase of elite seeds	Established by an authorised body for the current year	Resolution of the Government of the Russian Federation No. 717 “On the government programme for the development of agriculture and the regulation of agricultural produce, raw materials and food markets for 2013-2020” from 14 July 2012, appendix No. 9 Resolution of the Head of Administration (Governor) of the Krasnodar Region No. 249 “On approval of the order of granting subsidies on the terms of co-financing from the federal and regional budgets to ensure state support of agricultural production” from 31 March 2014
Subsidies for partial compensation of expenses for planting and caring for perennial fruit and berry plantings	Established by an authorised body for the current year	Resolution of the Government of the Russian Federation No. 717 “On the government programme for the development of agriculture and the regulation of agricultural produce, raw materials and food markets for 2013-2020” from 14 July 2012, appendix No. 9 Resolution of the Head of Administration (Governor) of the Krasnodar Region No. 249 “On approval of the order of granting subsidies on the terms of co-financing from the federal and regional budgets to ensure state support of agricultural production” from 31 March 2014
Subsidies for partial compensation of expenses for planting and caring for vineyards	Established by an authorised body for the current year	Resolution of the Government of the Russian Federation No. 717 “On the government programme for the development of agriculture and the regulation of agricultural produce, raw materials and food markets for 2013-2020” from 14 July 2012, appendix No. 9 Resolution of the Head of Administration (Governor) of the Krasnodar Region No. 679 “On granting subsidies from the regional budget for compensation of part of expenses for planting and caring for vineyards” from 15 July 2014
Subsidies for the partial compensation of expenses for developing tea production, tea plantation maintenance (including rejuvenation pruning) and the purchase of drip irrigation systems	Established by an authorised body for the current year	Order of the Ministry of Agriculture and Processing Industry of the Krasnodar Region No. 115 “On granting subsidies to ensure state support for agricultural production under the state programme of the Krasnodar Region “Development of agriculture and regulation of markets of agricultural products, raw materials, and food products” from 19 April 2016
Subsidies for providing green-box support in crop production for farmers	Established by an authorised body for the current year	Resolution of the Government of the Russian Federation No. 717 “On the government programme for the development of agriculture and the regulation of agricultural produce, raw materials and food markets for 2013-2020” from 14 July 2012, appendix No. 9 Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 249 “On the approval of the order for granting subsidies based on co-financing from the federal and regional budgets to ensure state support of agricultural production” from 31 March 2014

Subsidy type	Subsidy size	Regulations
Subsidies for the partial compensation of expenses for grubbing orchards that are less than 30 years old, for trellising high-density orchards, purchasing drip-irrigation systems, developing nursery infrastructure, selection activities, technical upgrades, and purchasing and installing hail protection netting in high-density orchards (from the regional budget)	Established by an authorised body for the current year	Order of the Ministry of Agriculture and the Processing Industry of the Krasnodar Region No. 115 “On granting subsidies to ensure state support for agricultural production as part of the state programme of the Krasnodar Region ‘Development of agriculture and the regulation of agricultural produce, raw materials and food markets’ from 19 April 2016
Subsidies for the partial compensation of wine production expenses connected to interest payments on loans for purchasing refrigerating equipment, power generators, oak barrels for aging and storing wine products, and equipment for grape processing and winemaking.	Established by an authorised body for the current year	Order of the Ministry of Agriculture and the Processing Industry of the Krasnodar Region No. 115 “On granting subsidies to ensure state support for agricultural production as part of the state programme of the Krasnodar Region ‘Development of agriculture and the regulation of agricultural produce, raw materials and food markets’” from 19 April 2016
Subsidies for the partial compensation of expenses connected to irrigation and drainage (construction, reconstruction and technical upgrades to primary and individual irrigation and drainage systems, and the purchase of machines, equipment, sprinkler and irrigation units and water-pumping stations, except for expenses connected to front-end engineering, design and [or] project design documentation for said facilities).	Established by an authorised body for the current year	Resolution of the Government of the Russian Federation No. 922 “On the approval of the federal target programme ‘Improvement and Development of Agricultural Land in Russia in 2014-2020’ from 12 October 2013 Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 341 “On the approval of the order of granting subsidies from the regional budget for the partial compensation of agricultural producers’ expenses for irrigation and drainage (construction, reconstruction and technical upgrades of primary and individual irrigation and drainage systems, as well as stand-alone irrigation structures that are owned or leased by agricultural producers, for the purchase of machines, equipment, sprinkler and irrigation units and water-pumping stations included in a cost estimate for said construction, reconstruction and technical upgrades (including leased assets), except for expenses related to front-end engineering and design and (or) project design documentation for said facilities)”
Subsidies for agribusiness participants for the partial compensation of expenses for interest payments on investment loans in the agricultural sector	Established by an authorised body for the current year	Resolution of the Government of the Russian Federation No. 717 “On the government programme for the development of agriculture and the regulation of agricultural produce, raw materials and food markets for 2013-2020” from 14 July 2012, appendices No. 10 and No. 12 Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 349 “On granting subsidies from the regional budget for the partial compensation of expenses for interest payments on loans obtained from Russian lending institutions and on borrowings from agricultural credit and consumer cooperatives” from 15 April 2014

Subsidy type	Subsidy size	Regulations
Subsidies to support bovine cattle breeding (meat)	Established by an authorised body for the current year	Resolution of the Government of the Russian Federation No. 717 “On the government programme for the development of agriculture and the regulation of agricultural produce, raw materials and food markets for 2013-2020” from 14 July 2012, appendix No. 7 Resolution of the Head of Administration (Governor) of the Krasnodar Region No. 249 “On approval of the order of granting subsidies on the terms of co-financing from the federal and regional budgets to ensure state support of agricultural production” from 31 March 2014
Subsidies for agricultural producers for the partial compensation of expenses for improving milk production in dairy cattle.	Established by an authorised body for the current year	Resolution of the Government of the Russian Federation No. 717 “On the government programme for the development of agriculture and the regulation of agricultural produce, raw materials and food markets for 2013-2020” from 14 July 2012, appendix No. 8 Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 506 “On granting subsidies from the regional budget to agricultural producers for the partial compensation of expenses for improving milk production in dairy cattle” from 23 May 2014
Subsidies for partial compensation of expenses for production of commercial fish	Established by an authorised body for the current year	Order of the Ministry of Agriculture and Processing Industry of the Krasnodar Region No. 115 “On granting subsidies to ensure state support for agricultural production under the state programme of the Krasnodar Region “Development of agriculture and regulation of markets of agricultural products, raw materials, and food products” from 19 April 2016
Subsidies for production of commodity fish products and fish products	Established by an authorised body for the current year	Order of the Ministry of Agriculture and Processing Industry of the Krasnodar Region No. 115 “On granting subsidies to ensure state support for agricultural production under the state programme of the Krasnodar Region “Development of agriculture and regulation of markets of agricultural products, raw materials, and food products” from 19 April 2016»
Subsidies for partial compensation of expenses for production (catch) of water bioresources	Established by an authorised body for the current year	Order of the Ministry of Agriculture and Processing Industry of the Krasnodar Region No. 115 “On granting subsidies to ensure state support for agricultural production under the state programme of the Krasnodar Region “Development of agriculture and regulation of markets of agricultural products, raw materials, and food products” from 19 April 2016

Subsidy type	Subsidy size	Regulations
Industry		
<i>Contact: Department of Industrial Policy of the Krasnodar Region, 350014, Krasnodar, ul. Krasnaya, 176, Phone: +7 (861) 253-94-88, e-mail: dpp@krasnodar.ru, www.dppkk.ru</i>		
Subsidies for partial compensation of expenses connected with interest payment on loans (leasing) attracted in credit institutions for the creation of new plants, modernisation and purchase of equipment	no more than 3/4 of the key rate of the Bank of Russia, but no more than 70% of actual interest payments	Resolution of the Head of Administration (Governor) of the Krasnodar Region No. 1138 “On approval of the state programme of the Krasnodar Region “Development of the industry of the Krasnodar Region and increasing its competitiveness” from 30 November 2015 Order of the Department of Industrial Policy of the Krasnodar Region No. 73 “On the approval of the order for granting subsidies from the regional budget within the framework of the Krasnodar Region state programme ‘Development of industry in the Krasnodar Region and increasing its competitiveness’ as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015” from 21 July 2017
Subsidies for partial compensation of expenses connected to organisation of industrial production to ensure the engineering networks	60% of actual expenses, but no more than 50% of the size of limits of budgetary obligations	Resolution of the Head of Administration (Governor) of the Krasnodar Region No. 1138 “On approval of the state programme of the Krasnodar Region “Development of the industry of the Krasnodar Region and increasing its competitiveness” from 30 November 2015 Order of the Department of Industrial Policy of the Krasnodar Region No. 73 “On the approval of the order for granting subsidies from the regional budget within the framework of the Krasnodar Region state programme ‘Development of industry in the Krasnodar Region and increasing its competitiveness’ as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015” from 21 July 2017
Subsidies (up to RUB 1.8m) for the partial compensation of expenses for utility connections	60% of actual expenses incurred but no more than 50% of approved budgetary ceilings and allotments	Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 1138 “On the approval of the Krasnodar Region state programme ‘Development of industry in the Krasnodar Region and increasing its competitiveness’” from 30 November 2015 Order of the Department of Industrial Policy of the Krasnodar Region No. 73 “On the approval of the order for granting subsidies from the regional budget within the framework of the Krasnodar Region state programme ‘Development of industry in the Krasnodar Region and increasing its competitiveness’ as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015” from 21 July 2017
Subsidies (up to RUB 5m) for the partial compensation of expenses for interest payments on loans obtained from Russian lending institutions and the State Corporation Bank for Development and Foreign Economic Affairs from 2015-2018 for the purpose of financing working capital and/or current production operations	No more than 75% of the Bank of Russia’s key interest rate but no more than 70% of the actual interest paid	Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 1138 “On the approval of the Krasnodar Region state programme ‘Development of industry in the Krasnodar Region and increasing its competitiveness’” from 30 November 2015 Order of the Department of Industrial Policy of the Krasnodar Region No. 73 “On the approval of the order for granting subsidies from the regional budget within the framework of the Krasnodar Region state programme ‘Development of industry in the Krasnodar Region and increasing its competitiveness’ as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015” from 21 July 2017

Subsidy type	Subsidy size	Regulations
Subsidies (up to RUB 10m) for the partial compensation of expenses for interest payments on loans obtained from Russian lending institutions or parts of lease payments made to leasing companies used to create new production facilities, upgrade existing ones, purchase and install equipment, and commission and open a facility	No more than 75% of the Bank of Russia's key interest rate, but no more than 70% of actual interest paid	Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 1138 "On the approval of the Krasnodar Region state programme 'Development of industry in the Krasnodar Region and increasing its competitiveness'" from 30 November 2015 Order of the Department of Industrial Policy of the Krasnodar Region No. 73 "On the approval of the order for granting subsidies from the regional budget within the framework of the Krasnodar Region state programme 'Development of industry in the Krasnodar Region and increasing its competitiveness' as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015" from 21 July 2017
Subsidies (up to RUB 10m) for the partial compensation of expenses for implementing investment projects focused on upgrading or developing production facilities	10% of actually incurred and documented expenses	Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 1138 "On the approval of the Krasnodar Region state programme 'Development of industry in the Krasnodar Region and increasing its competitiveness'" from 30 November 2015 Order of the Department of Industrial Policy of the Krasnodar Region No. 73 "On the approval of the order for granting subsidies from the regional budget within the framework of the Krasnodar Region state programme 'Development of industry in the Krasnodar Region and increasing its competitiveness' as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015" from 21 July 2017
Subsidies for the partial compensation of expenses for setting up production facilities in order to provide employment for convicted felons	60% of actual expenses incurred but no more than 50% of approved budgetary ceilings	Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 1138 "On the approval of the Krasnodar Region state programme 'Development of industry in the Krasnodar Region and increasing its competitiveness'" from 30 November 2015 Order of the Department of Industrial Policy of the Krasnodar Region No. 73 "On the approval of the order for granting subsidies from the regional budget within the framework of the Krasnodar Region state programme 'Development of industry in the Krasnodar Region and increasing its competitiveness' as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015" from 21 July 2017
Subsidies for the partial compensation of expenses related to educational activities as part of additional professional training programmes	70% of actual expenses incurred but no more than 50% of approved budgetary ceilings and allotments	Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 1138 "On the approval of the Krasnodar Region state programme 'Development of industry in the Krasnodar Region and increasing its competitiveness'" from 30 November 2015 Order of the Department of Industrial Policy of the Krasnodar Region No. 73 "On the approval of the order for granting subsidies from the regional budget within the framework of the Krasnodar Region state programme 'Development of industry in the Krasnodar Region and increasing its competitiveness' as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015" from 21 July 2017

Subsidy type	Subsidy size	Regulations
Subsidies for finance salary expenses related to the manufacturing of goods	Granted to an employer per salary of each disabled person employed and per work hours or work scope stated in the employment contract in an amount not exceeding the federally mandated minimum wage as established by Federal Law No. 82-FZ of 19 June 2000 plus the amount of social contributions	Resolution of the Head of the Administration (Governor) of the Krasnodar Region No. 1138 “On the approval of the Krasnodar Region state programme ‘Development of industry in the Krasnodar Region and increasing its competitiveness’” from 30 November 2015 Order of the Department of Industrial Policy of the Krasnodar Region No. 73 “On the approval of the order for granting subsidies from the regional budget within the framework of the Krasnodar Region state programme ‘Development of industry in the Krasnodar Region and increasing its competitiveness’ as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015” from 21 July 2017

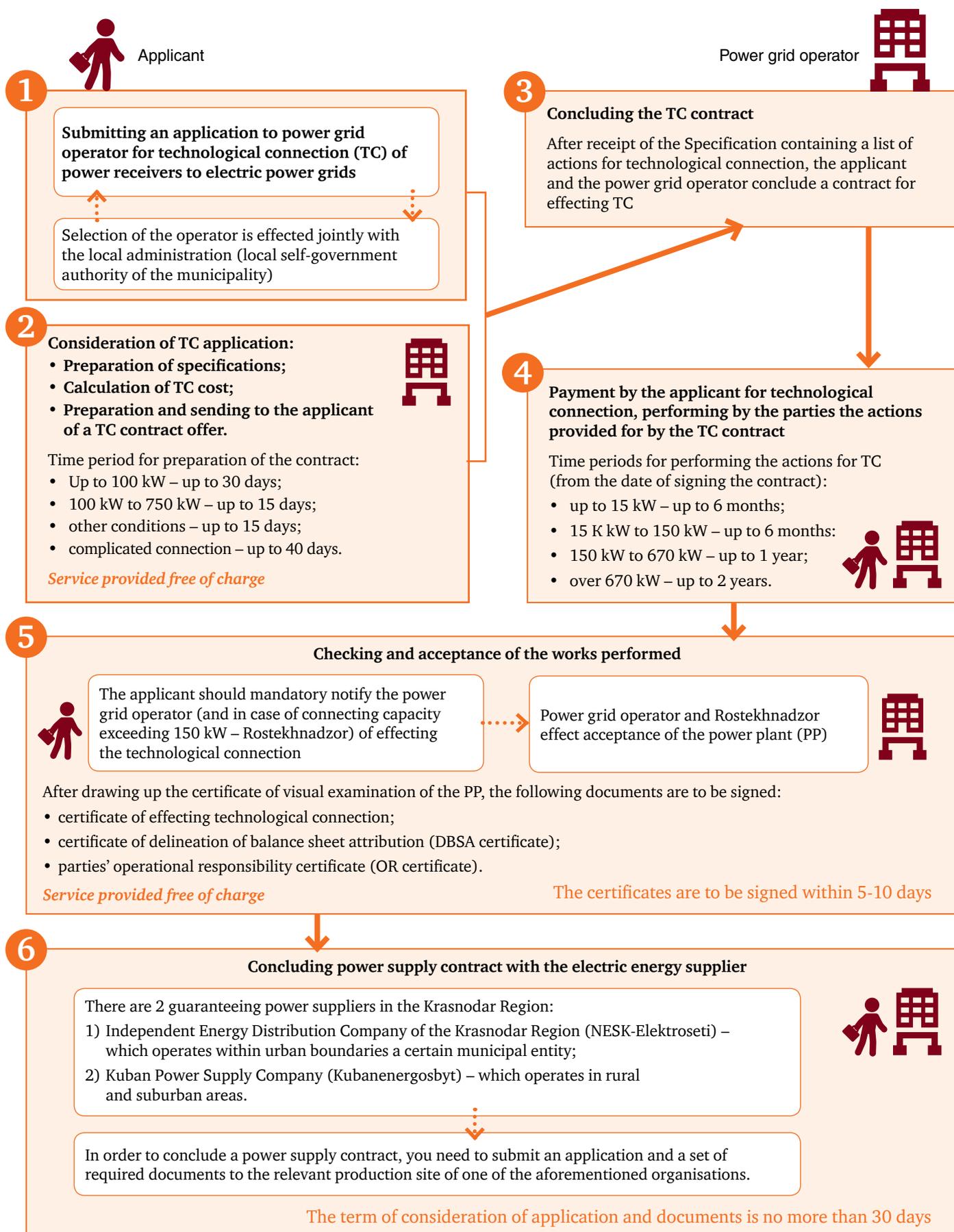
Industrial parks

Subsidies for the partial compensation of expenses for investment projects aimed at creating the infrastructure for industrial parks in the Krasnodar Region	No more than 35% of expenses incurred	Order of the Department for Investments and the Development of Small and Medium-sized Enterprises of the Krasnodar Region No. 140 “On the approval of the order granting subsidies from the regional budget to industrial park management companies for the partial compensation of expenses related to investment projects aimed at creating infrastructure for industrial parks in the Krasnodar Region, except for the compensation of expenses for interest payments on loans from Russian lending institutions or from the State Corporation Bank for Development and Foreign Economic Affairs obtained in 2015-2018 for the purpose of financing the capital construction of infrastructure for industrial parks and production facilities as part of the Krasnodar Region’s state programme ‘Development of industry in the Krasnodar Region and increasing its competitiveness’, as approved by the Head of the Administration (Governor) of the Krasnodar Region in Resolution No. 1138 from 30 November 2015”
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Technological Connection to Electric Power Grids

The procedure of connecting to electric power grids in the Krasnodar Region is carried out according to Federal Law No. 35-FZ from 26 March 2003 “On power industry” and Resolution No. 861 approved by the Government of the Russian Federation from 27 December 2004.



Obtaining a Construction Licence

The service “Issuance of the construction licence for the construction of capital construction projects” is in most cases provided by the local self-government authority in the location of the land plot. In some cases (for power/infrastructure facilities; facilities realised in the territory of two or more municipalities; the land plot is subject to special conservation measures; facilities of regional importance as established by the decision of the Head of the Administration (Governor) of the Krasnodar Region), this service is provided by the Department of Architecture and Urban Development of the Krasnodar Region (arhikub.ru).

