

# Alabuga

special  
economic zone



# The Republic of Tatarstan is one of the most economically developed regions in the Russian Federation

The Special economic industrial zone «Alabuga» was created on December 21<sup>st</sup>, 2005 in the Republic of Tatarstan



The centre of the largest industrial region  
800 km east of Moscow

Territory – 67 800 km<sup>2</sup>  
Population – 3.8 mln.  
GRP – \$ 39.9 bln. USD  
Industrial output – \$ 41.2 bln. USD



# The Republic of Tatarstan rankings

(out of 87 regions)

Tatarstan is the best region for business in Russia  
(Forbes, 2011)

**Forbes**

Tatarstan is 1<sup>st</sup> in terms of doing business in Russia  
(Ernst & Young, 2011)

 **ERNST & YOUNG**



# The SEZ «Alabuga» provides an excellent set of conditions for investors who intend to establish new production in Russia

- ❑ Located in one of the biggest industrial centres of Russia
- ❑ Attractive tax and customs preferences
- ❑ Developed industrial infrastructure
- ❑ Decreased bureaucracy
- ❑ Strong governmental support
- ❑ Low cost land plots
- ❑ Proven track record - many global companies have already established production in the SEZ





# The SEZ «Alabuga» in the structure of special economic zones (altogether 25 zones)

**71%** of the production  
output • 41.4 bln. RUB

**60%** of tax  
payments • 3.7 bln. RUB

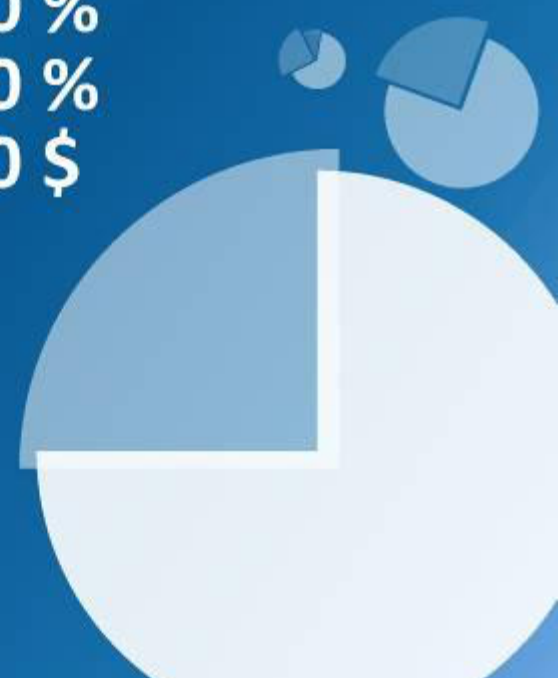
**52%** of investments  
• 27 bln. RUB

\* cumulatively

# Investment incentives and preferences

*(for 10 years since tax base introduction)*

<b>Tax</b>	<b>Tax rate for <i>Non-residents</i></b>	<b>Tax rate for <i>SEZ residents</i></b>
Property tax	2.2 %	0 %
Land tax	1.5 %	0 %
Transport tax	0.3-3.8 \$	0 \$



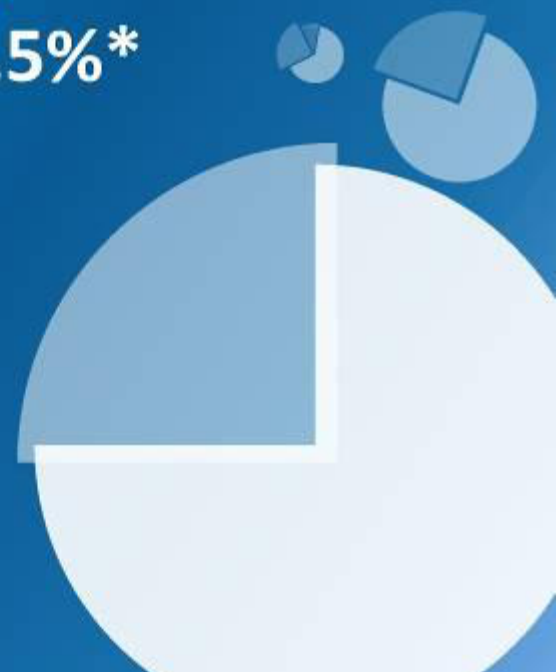


# Profit tax

*(starting from the 1st year of earning profit )*

Period	Tax rate for <i>Non-residents</i>	Tax rate for <i>SEZ residents</i>
First 5 years	20%	2%*
Second 5 years	20%	7%*
Till 2054	20%	15.5%*

\*including federal 2% profit tax



# Insurance contributions

for residents,  
carrying out innovation activities

<b>Year</b>	<b>For <i>Non-residents</i></b>	<b>For <i>SEZ residents</i></b>
<b>2011-2017</b>	<b>30%</b>	<b>14 %</b>
<b>2018</b>	<b>34 %</b>	<b>21 %</b>
<b>2019</b>	<b>34%</b>	<b>28 %</b>





# Free customs zone

**Foreign countries**

**Russian Federation**

**Import equipment**

**VAT - 0%**

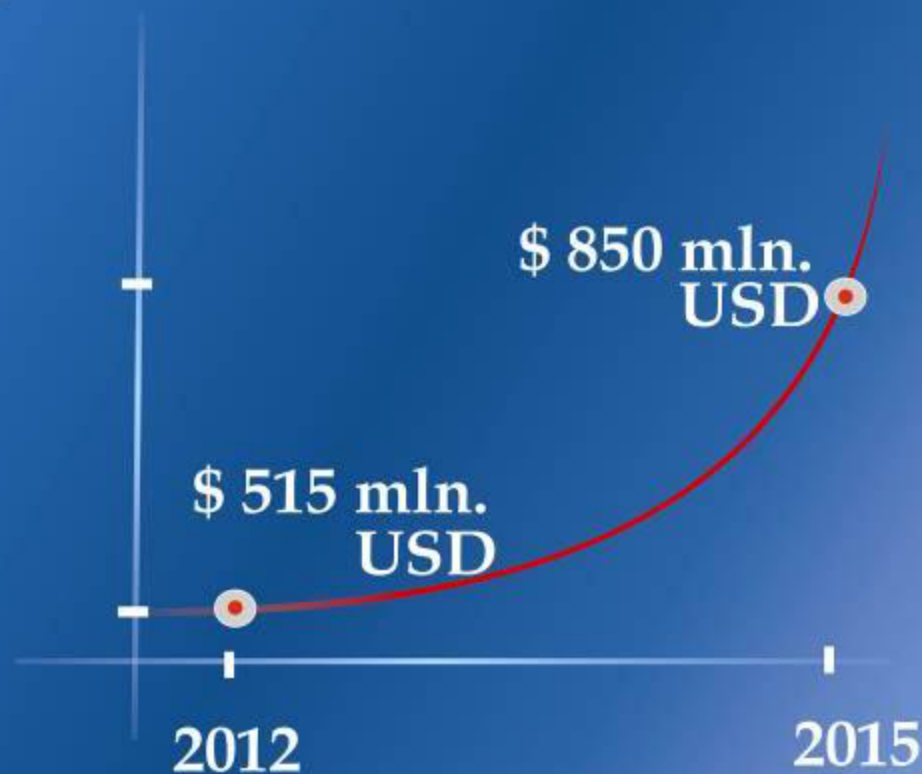
**Import duty - 0%**

**SEZ «Alabuga»**

# SEZ «Alabuga» infrastructure

Governmental investments by 2015 will rise up to \$ 850 mln. USD  
More than \$ 500 mln. USD have already been invested

- INDUSTRIAL INFRASTRUCTURE
- CUSTOMS INFRASTRUCTURE
- BUSINESS INFRASTRUCTURE





# Industrial infrastructure

Land plots with an access to:

- Inner-site roads
- Railway branch line
- Gas
- Electricity
- Heating
- Water
- Sewerage
- Storm sewage
- Drainage
- IP Phone
- High-speed Internet







# Free connection to utility lines

## Connection cost to electricity lines:

Moscow - \$1 000 000 USD per 1 MW

Tatarstan - \$208 300 USD per 1 MW

**SEZ «Alabuga» - \$0 USD per 1 MW**



# Land plot rent and purchase

**Land plot rent** at average:

\$ 0.09 USD per 1 m<sup>2</sup>/ year

**10 ha = \$9 000 USD per year**

**Land plot purchase** at average:

\$ 0.341 USD per 1 m<sup>2</sup>

**10 ha = \$34 100 USD**



# READY SEZ "Alabuga", Russia

# INDUSTRIAL BUILDING



Don't want to build yourself,  
rent in ready industrial building  
**200 000** sq. m to rent





# Customs infrastructure



- Customs post operates only for the SEZ «Alabuga» residents
- E-declaration
- Customs clearance within 3 hours

# Customs infrastructure



ALABUGA | special economic zone





# Customs Infrastructure of the SEZ «Alabuga»





# Business infrastructure

## «B+» class office centre

with all the necessary services needed for everyday work:

- OFFICE PREMISES
- CONFERENCE HALLS
- MEETING ROOMS
- EXHIBITION HALL
- CANTEEN-RESTAURANT
- INSURANCE COMPANIES
- CUSTOMS BROKERS
- GYM



# Business infrastructure



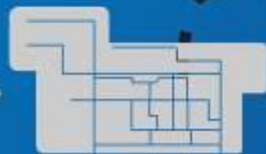


KAMA  
INDUSTRIAL CENTRE -  
POPULATION OF OVER

1 000 000

PEOPLE

SEZ «Alabuga»



Mendelevsk  
22 000



River port



Yelabuga  
70 000



Kazan  
1 100 000

Nizhnekamsk  
227 000



Naberezhnye Chelny  
513 000



«Begishevo» airport



# 6 flights

a day  
to Moscow  
and back

flight time — 1 h. 30 minutes

40 minutes drive  
from airport



# Each year we train for you locally

(According to employment centre of Elabuga)

20 000		workers	400 USD
4000		engineers	800 USD
6000		managers	500 USD



# The work force of Kama economic region berezhnye Chelny, Nizhnekamsk, Yelabuga, Mendeleev



29 Universities and Institutes

28 Colleges

20 200 new specialties

Average monthly wage (including tax):



**Kazan**

\$ 680 USD



**Naberezhnye Chelny**

\$ 580 USD



**Yelabuga**

\$ 540 USD

*The level of average wage in Kazan  
is 45% to Moscow level*

*(according to PWC research)*

# 8 out of 11

## RUSSIAN BIGGEST CITIES

are located  
within 1000 km area  
(52% of the Russian  
population)



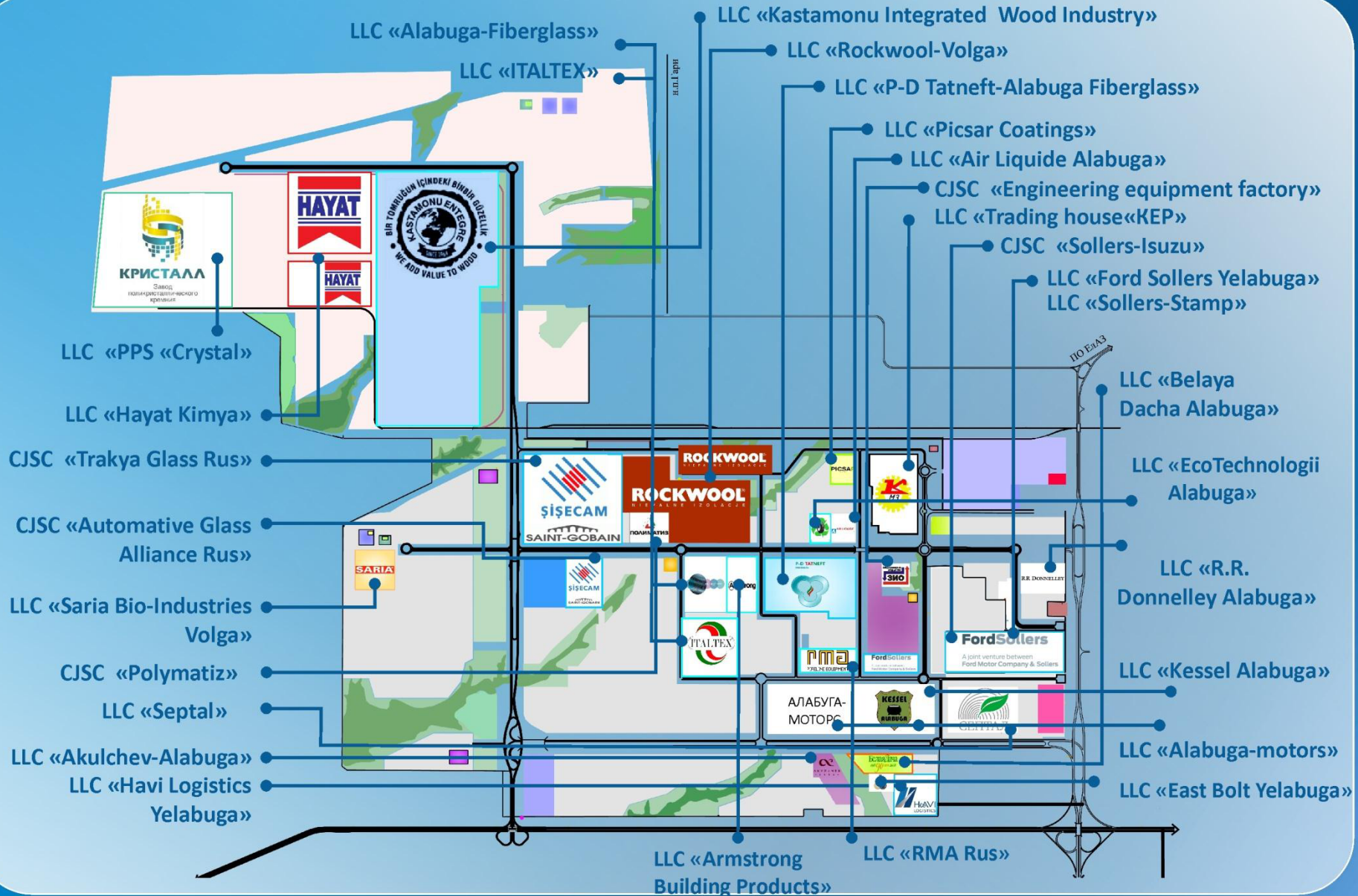


# Sales market

Population: 114 399 500 people



# Map of the SEZ «Alabuga»





# SEZ «Alabuga» residents

\$ 3 bln. investments

**FordSollers**

Совместное предприятие  
Ford Motor Company и Sollers



**PICSAR**  
COATINGS

RR DONNELLEY



**SAINT-GOBAIN**



**Armstrong**



**РМА**  
PIPELINE EQUIPMENT



**Белая Дача**  
1918 90 лет 2008

# Ford Sollers Yelabuga



- Production of LCV Ford Transit, SUV Ford Explorer, stamping production
- Investment volume: \$750 mln. USD
- Output capacity: 85 000 vehicles, 180 000 engines annually
- 3000 jobs

«SEZ «Alabuga» - is one of the most effective examples of public-private partnership that I have ever come across with in the world.»

General director,  
Ford Motor Company  
Alan Mulally



# Sollers-Isuzu

**ISUZU**



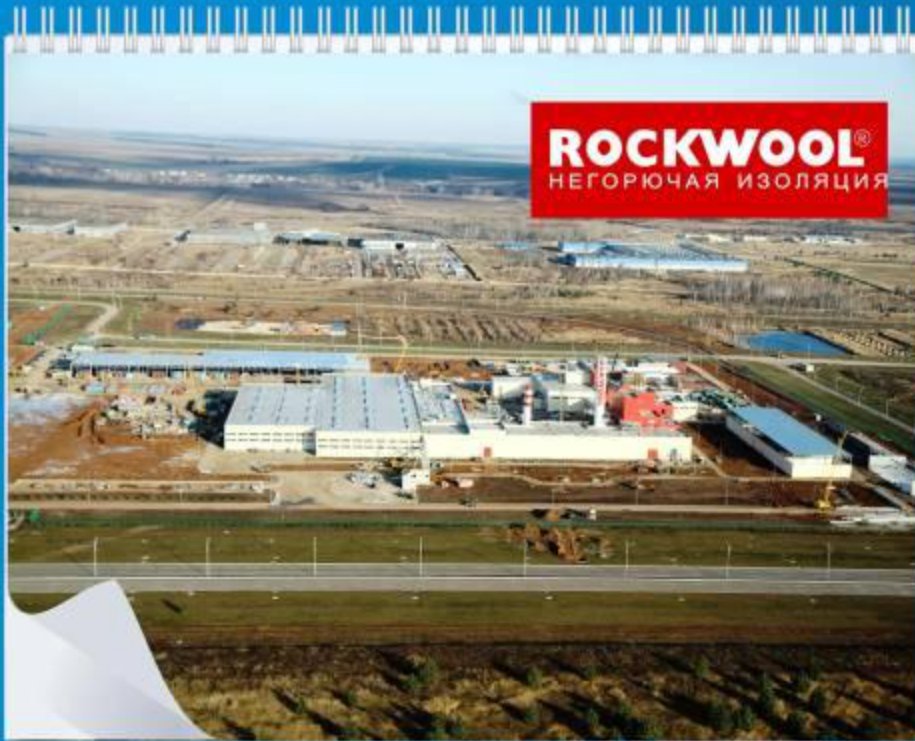
- Production of commercial trucks
- Investment volume: over \$12 mln. USD
- Plant capacity: 989 automobiles
- 56 jobs

# Sollers-Stamp



- Extrusions and welding fabrication of car body and chassis
- Investment volume: over \$110 mln. USD
- Annual output capacity: 75 000 tons
- 300 jobs

# Rockwool-Volga



- Production of firesafe insulation materials
- Investment volume: over \$150 mln. USD
- Output capacity: 110 000 tons annually
- 141 jobs

«Rockwool invests \$150 mln. USD and constructs the largest mineral wool producing plant in the world. We were impressed by how the Government of the Republic of Tatarstan fulfills the promises.»

Nickolas Andrew Vince  
General director, Rockwool Russia



# P-D Tatneft-Alabuga Fiberglass



- Production of fiberglass and fiberglass-based goods
- Investment volume: over \$80 mln. USD
- Output capacity: 21 000 tons annually
- 300 jobs

«The economic effect we received implementing the project «P-D Tatneft-Alabuga Fiberglass» in the SEZ «Alabuga» reached almost 15%.»

Sattarov Ilvir Razinovich – director  
«P-D Tatneft-Alabuga Fiberglass»

# Air Liquide Alabuga



- Production of technical gases (oxygen, nitrogen)
- Investment volume: € 35 mln.
- Output capacity: 200 tons of liquid oxygen, nitrogen (daily)
- 36 jobs

«We are very proud of our first contract in the Republic of Tatarstan, and together with this, our cooperation with the SEZ “Alabuga”, where we have a resident status. We believe that the project we are implementing there will be our first step to further mutually beneficial work with this dynamically developing region

General Director  
LLC “Air Liquide Alabuga”  
Alexey Shuvalov



# Polymatiz



- Production of nonwoven fabric and other polymer good
- Processing of PP, produced by Nizhnekamskneftekhim
- Investment volume: over \$40 mln. USD
- Output capacity: 17 000 tons annually
- 113 jobs

«Close proximity to raw materials and ready industrial infrastructure were crucial reasons for choosing the SEZ «Alabuga site.»

General director CJSC «Polymatiz»  
Maksimov Oleg Dmitrievich



# Kastamonu Integrated Wood Industry



- Production of medium density fiberglass, oriented strand board, chipboard
- Investment volume: over \$113 mln. USD
- Output capacity: 475 000 m<sup>3</sup> annually
- 235 jobs



# Trakya Glass Rus



- Production of float-glass, mirrors, coated-glass
- Investment volume: over \$252 mln. USD
- Output capacity: 250 000 tons annually
- 377 jobs

«SEZ «Alabuga» - is one of the best prepared industrial sites we have ever seen.»

General director  
CJSC «Trakya Glass Rus»  
Mehmet Ali Tiryaki



# Automotive Glass Alliance Rus



- Production of automobile glass
- Investment volume: over \$67 mln. USD
- Output capacity: 500 000 automobile sets
- 265 jobs

«SEZ «Alabuga» - is one of the best prepared industrial sites we have ever seen.»

General director  
CJSC «Automotive Glass Alliance Rus»  
Mehmet Ali Tiryaki



# Hayat Kimya



- Production of household and sanitary paper products
- Investment volume: \$62 mln. USD
- Output volume: 60 000 tons annually
- 335 jobs

«Hayat Group's decision on localization of the second production facility in the SEZ «Alabuga» is an evidence of our deep trust and confidence in the project's success.»

General director  
Onur Guven

# Saria Bio-Industries Volga

**SARIA®**



- Production of meat-bone flour and animal fat
- Investment volume: \$23 mln. USD
- Output capacity: 24 500 tons
- 90 jobs

«The benefits of the SEZ «Alabuga» infrastructure and its advantageous geographical location allows LLC «Saria Bio-Industries Volga» to efficiently arrange raw materials supply and distribution of finished products.»

General director  
Manfred Gellner



# Picsar Coatings



- Production of liquid and powder paints, corrosion resistant paints and coatings for woods
- Investment volume: \$ 20 mln. USD
- Output capacity: 7 500 tons annually
- 30 jobs

«Creating a new high-tech paints manufacturing facility in the SEZ «Alabuga» is important for the economic upsurge and implementation of socially important programs in the country.»

General director  
Ozheredov Igor Mikhailovich



# Belaya Dacha Alabuga



- **Processing of vegetable products**
- **Investment volume: over \$ 18,5 mln. USD**
- **Annual production capacity: 9 600 tons**
- **250 jobs**

# PPS «Crystal»



- Production of polysilicon
- Investment volume: \$324 mln. USD
- Production amount: 3 000 tons annually
- 770 jobs

# Trading company «Kambarka machinery plant»



**VOITH TURBO**



- Production of diesel-hydraulic shunting and road engine locomotives
- Investment volume: \$ 105.3 mln. USD
- Output capacity: 150 locomotives
- 835 jobs



# «Alabuga-Fiberglass»



- Production of carbon fiber
- Investment volume:  
\$ 131.9 mln. USD
- Output capacity:  
1500 tons/year
- 250 jobs

# «ITALTEX»



- Production of PA-6,6 threads and tights
- Investment volume: \$ 117.8 mln. USD
- Output capacity: 2 400 tons of threads/year, 30 000 tons of tights/year
- 332 jobs



# «R.R. Donnelley Alabuga»



- Production of printing products
- Investment volume: \$ 16.7 mln. USD.
- 175 jobs

# «Kessel Alabuga»



- Production of wall-mounted gas boilers
- Investment volume: \$ 7 mln. USD
- Output capacity: 23 760 boilers/year
- 65 jobs



# «Alabuga-motors»



- Production of electrobuses
- Investment volume: \$ 5.6 mln. USD
- Output capacity: 1 200 electrobuses/year
- 221 jobs

# «Havi Logistics Yelabuga»



- **Construction of distribution centre**
- **Investment volume: \$ 20.1 mln. USD**
- **Processing of goods: 2 125.4 tons/ month**
- **53 jobs**

# The engineering equipment factory



- Production of engineering equipment, heat pump units
- Investment volume: over \$15 mln. USD
- Output capacity: 35 000 units annually
- 222 jobs



# Akulchev-Alabuga



- Confectionery and bakery production
- Investment volume: over \$15 mln.
- Output capacity: 7 000 tons annually
- 156 jobs

# Septal



- Production of equipment for local and small sewerage systems
- Investment volume: over \$30 mln. USD
- Output capacity: 7 000 items annually
- 200 jobs

**Companies, approved by  
the SEZ «Alabuga» Supervisory Board**



# Armstrong Building Products



- Production of mineral fiber ceiling plates
- Investment volume: \$ 78 mln. USD
- Production volume: annually 22 mln. m<sup>2</sup> of products
- 206 jobs

# RMA Rus



- Production of steel ball valves for oil and gas extraction industry
- Investment volume: \$ 80 mln. USD
- Production volume: annually 11 000 valves
- 160 jobs

# EcoTechnologii Alabuga



- **Processing of exhausted tires into rubber crumb**
- **Investment volume: \$ 14 mln. USD**
- **Production volume/year: 23 500 tons of rubber crumb**
- **39 jobs**



# East Bolt Yelabuga



- **Production of bakery products**
- **Investment volume: \$ 5.6 mln. USD.**
- **Production volume: annually 76,5 mln. bakery items**
- **71 jobs**

# Foreign investors in Tatarstan

«ZF-KAMA»	production of transmission
CNH-KAMAZ Industrial	production of tractors
Schneider Electric	production of high-voltage substations and equipment
«Mercedez Benz Trucks Vostok»	production of Mercedez Benz cars
«Cummins Kama»	production of engines
«Leoni Wiring Systems»	of automotive wire harnesses, wiring systems
«Federal Mogul Naberezhnye Chelny»	production parts of cylinder groups
«Knorr-Bremze Kama»	production of brake systems
Wienerberger AG	production of construction materials (bricks)



# Nearby city - Naberezhnye Chelny

20 km away from the SEZ «Alabuga»,  
population of 510 000 people







ALABUGAI special economic zone





ТОРГОВЫЙ КВАРТАЛ

M. Сига

Детский мир

GALATEIA

спортмастер

BON JOLI

БЕЛЫЙ ВЕТЕР ЦИФРОВОЙ

M. Сига

Step

СТИЛЬПАРК

# «Tatarstan» hotel





# Emergency care hospital





«Fitness planet»





# Nearby town - Yelabuga

10 km away from the SEZ «Alabuga»,  
population of 70 000 people













«Brooklyn» club





# Kazan (Volga) Federal University





# Alabuga City Hotel





# Hypermarket «Magnit»



# Children Health Care Centre





# Thank you for your kind attention!



**Tel.: +7 (85557) 5-90-30**

**Mob.: +7 927 480 02 21**

**e-mail: [invest@sezalabuga.ru](mailto:invest@sezalabuga.ru),**

**[post@sezalabuga.ru](mailto:post@sezalabuga.ru)**

**[www.alabuga.ru](http://www.alabuga.ru)**

# SEZ «Alabuga» medium-term strategy

*As of January, 1<sup>st</sup>, 2011:*

**25**

resident-companies

**\$2.6 bln. USD**

Total resident investments

**\$480 mln. USD**

of governmental investments

*To-be in 2014:*

**65**

residents-companies

**\$5,6 bln. USD**

Investment volume





# Back-up slides

# **Resident to - be steps (2 months)**

**Registration of a legal entity, preparation  
of a business-plan  
and foundation documents**

**Project presentation for Supervisory Board  
of the SEZ «Alabuga» (Kazan)**

**Project presentation for Expert Council  
at the Ministry of economic development  
of the Russian Federation (Moscow)**

**Agreement signing and  
getting the resident certificate**



# Services

## Exploitational:

- heat supply;
- electricity supply;
- water supply;
- drainage;
- waste management, dumping, payments on environmental impact;
- maintenance of fire extinguishing systems and smoke exhaust systems;
- maintenance of electrical systems, water supply, heating, sewage;
- maintenance of air conditioning and ventilation;
- maintenance of heat regis and other office equipment;
- maintenance of elevators;
- carrying out maintenance of the building and the managing company territory;
- technical supervision;
- maintenance of utilities and roads;
- machinery services;
- passenger transportation;
- transport and logistics services;
- electrotechnical laboratory



## Housekeeping:

- maintenance and cleaning of the rented premises and managing company territory, disinfection;
- protection of the building;
- office space rent;
- snow and ice clening and removal;
- conducting tenders;
- legal services;
- outside windows wash;
- ensuring the proper state of the external facade of the building

## Constructional:

- geodesy services;
- technical customer;
- construction and commissioning technical supervision

# Tariff rates

(2012 including VAT)\*

Gas

**\$ 117 USD per 1000m<sup>3</sup>**

(consumption volume 100-500 mln. m<sup>3</sup>/year)



Electricity

**\$ 0.09 USD per KW/h**

(HV 110 kW)



Heating

**\$ 54.87 USD per Giga cal**



Water

**\$ 1.35 USD per m<sup>3</sup>**



Sewerage

**\$ 2.1 USD per m<sup>3</sup>**



Storm sewerage

**\$ 1.23 USD per m<sup>3</sup>**

\*Indicative, unofficial data



# Railway transportation per 1 40-tons weight railway cargo

Saint-Petersburg



SEZ «Alabuga»



Novorossiysk



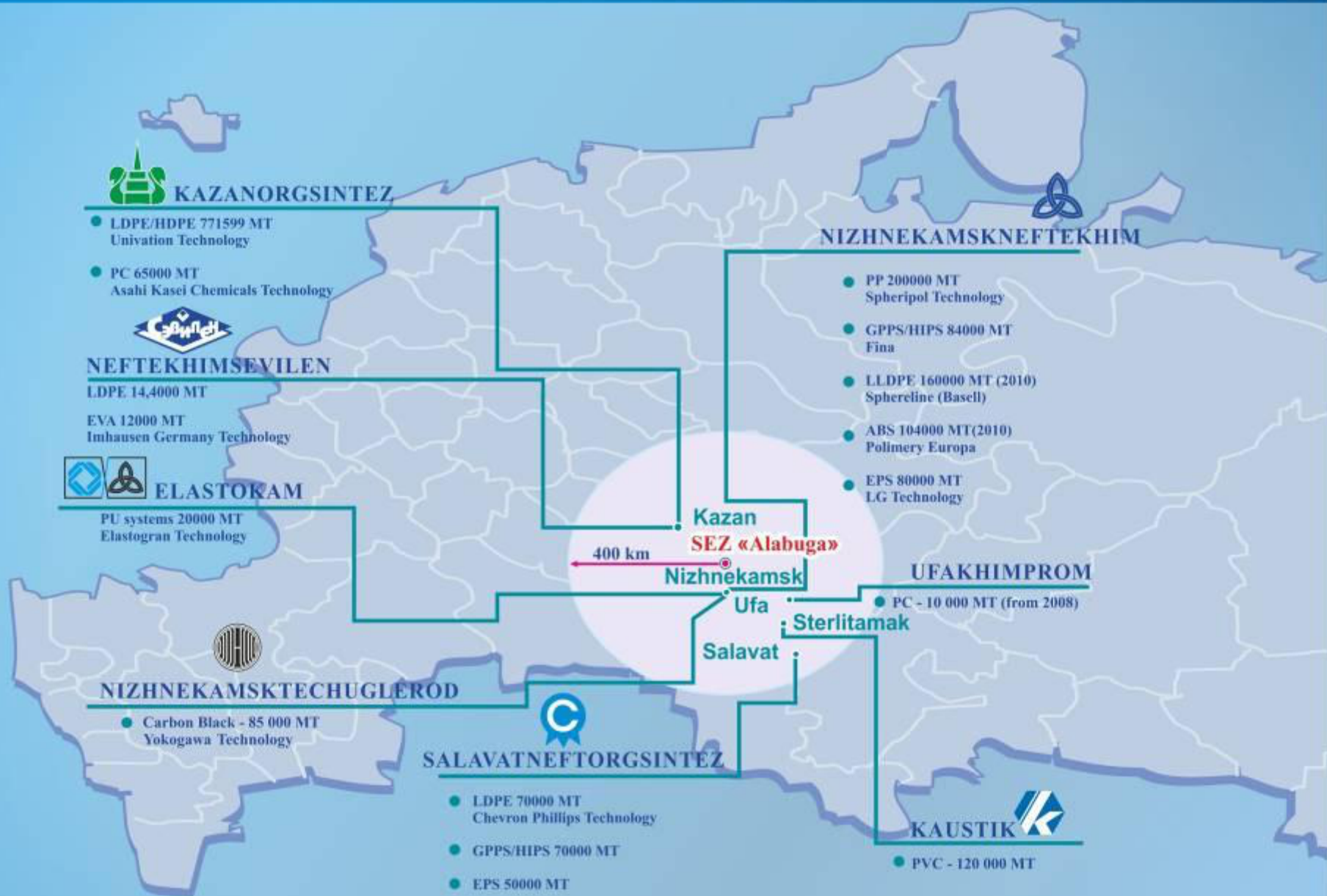
Vladivostok

# Auto transportation per 1 car of 82-90 м3 cargo (including VAT)

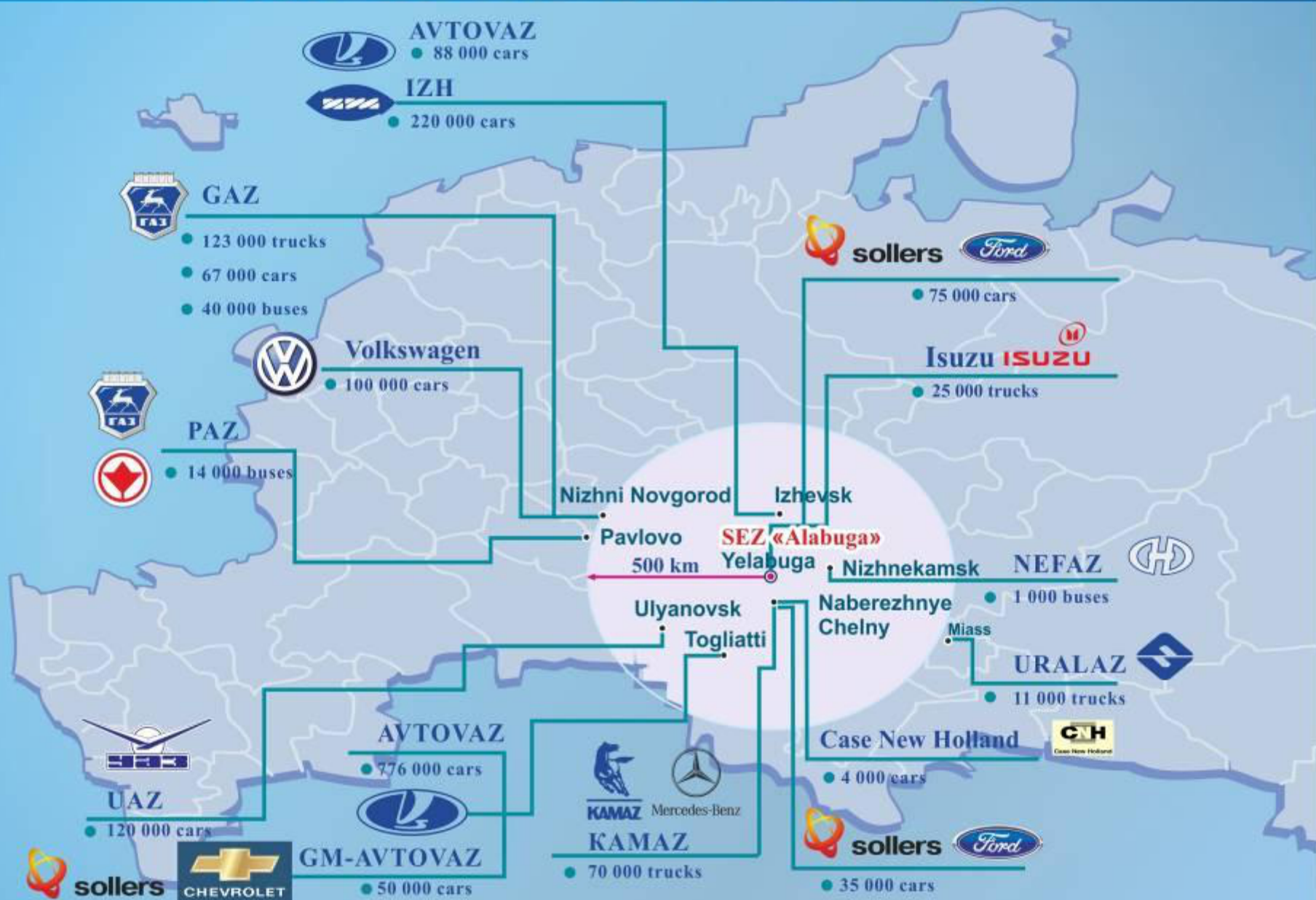




# Polymers produced within 400 km from the SEZ «Alabuga»



# Most major Russian carmakers located within 500 km from the SEZ «Alabuga»





# Thank you for your kind attention!



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**[post@sezalabuga.ru](mailto:post@sezalabuga.ru)**

**[www.alabuga.ru](http://www.alabuga.ru)**

Step

**1**

**Bring machinery/equipment  
and **PAY NO VAT**  
and **NO IMPORT DUTY****

Residents, registered  
before 1.01.2012



Step

**2**

**Bring  
components/raw materials  
and **PAY NO IMPORT DUTY****

Residents, registered  
before 1.01.2012

Step

**3**

# Assemble/mix and **ADD 50% VALUE**



**\$10**

+



**\$10**

=



**\$40**

Residents, registered  
before 1.01.2012



Step

**4**

**Sell finished product to**



**RUSSIA**



**KAZAKHSTAN**



**BELORUSSIA**

**with NO IMPORT DUTIES**

*Residents, registered  
before 1.01.2012*

# Single Window System (One Stop Shop)

- Tax Service
- Inspection of State Architectural Building Supervision
- Ministry of Ecology and Natural Resources
- Chamber of Commerce and Industry
- Pension Fund
- Ministry of Labor and Social Security
- Registration Service
- Certification Test Centre
- Service of Environmental, Technological and Nuclear Oversight
- Federal Real Estate Cadastre Agency
- Land Cadastre Chamber
- Migration Service
- Technical Inventory Bureau
- Fund of Obligatory Medical Insurance
- Social Insurance Fund

