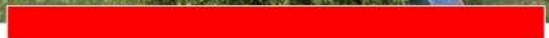




# The Astrakhan Region Special Economic Zone "Lotus"

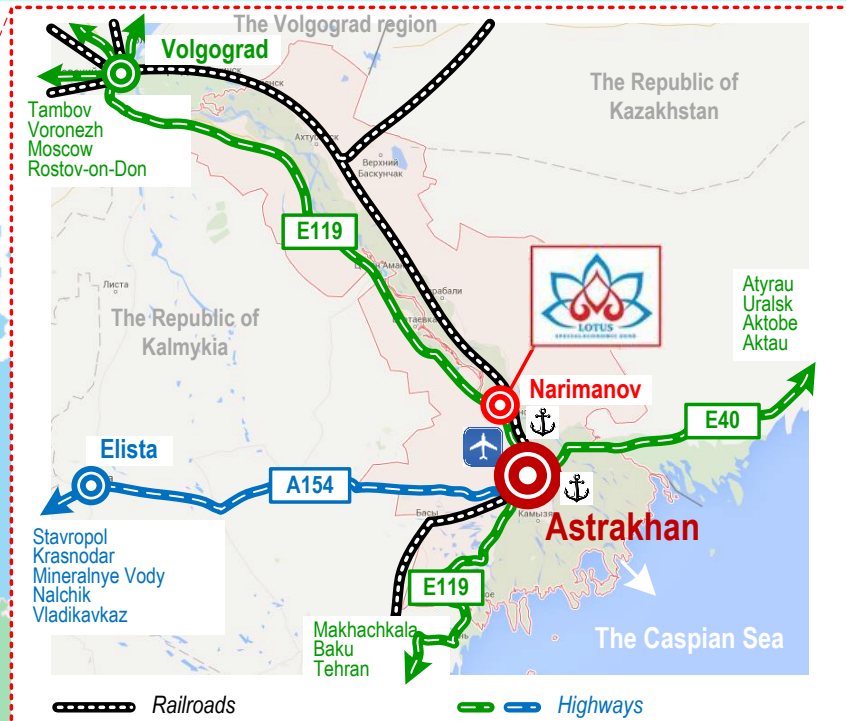


**Year 2018**



# Logistic Advantages for SEZ «Lotus» Tenants

AREA OF THE ASTRAKHAN REGION – 52900 KM<sup>2</sup>  
 POPULATION – 1 MLN PEOPLE  
 GRP – 336,7 BLN RUB.  
 INDUSTRIAL PRODUCTION INDEX (2017) – 137,2%



LARGEST HYDROCARBON RESERVES IN THE EUROPEAN PART OF RUSSIA: > 6 TRILLION M<sup>3</sup> OF NATURAL GAS & 1,4 BILLION TONS OF CRUDE OIL AND CONDENSATE

SHIPBUILDING CENTER OF THE SOUTH OF RUSSIA  
 10 LARGE AND MID-SIZED SHIPBUILDERS

THE ASTRAKHAN REGION IS AN OPPORTUNITY TO PARTICIPATE IN EURASIAN INTERNATIONAL TRANSPORTATION ROOTS, PROXIMITY TO THE STATES WHICH ARE THE MAJOR PARTICIPANTS OF THE CASPIAN OILFIELD DEVELOPMENT PROJECTS



## Shipbuilding & Shiprepairing



Extraction and processing of oil and gas, services, raw materials transportation



Caspian Pipeline Consortium



Schlumberger

Extraction and processing of natural resources (salt, gypsum)



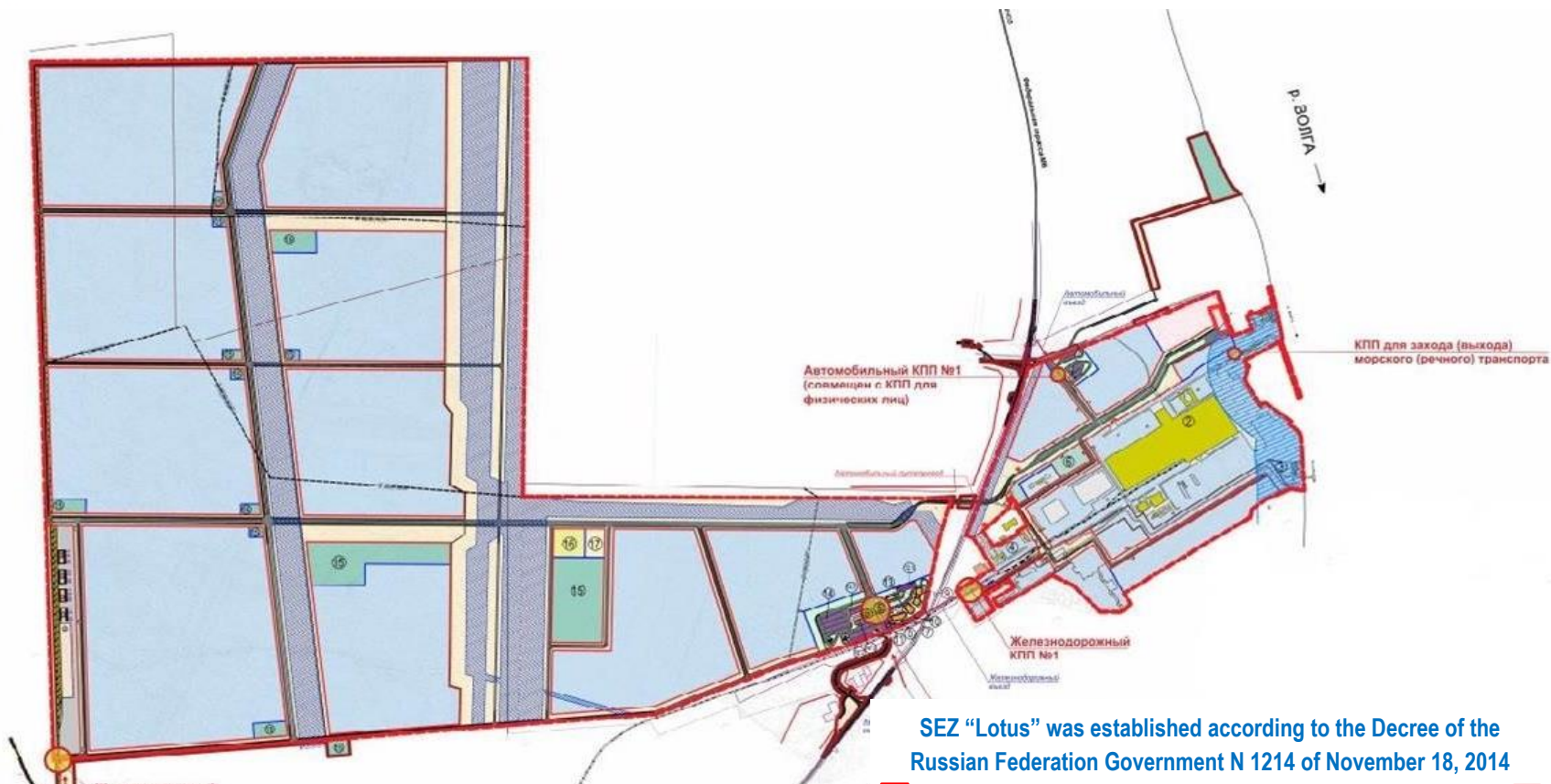
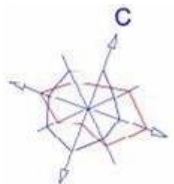
KNAUF



Engineering and metallurgy



Light industry



The Resolution of the Astrakhan Region Government of 06.04.2015 №123-P "On Establishment of PJSC "SEZ "LOTUS"

### Functions of the administration company



- Infrastructure construction and its functioning;
- Attracting tenants and other investors to SEZ;
- SEZ area design;
- Other functions.

SEZ "Lotus" was established according to the Decree of the Russian Federation Government N 1214 of November 18, 2014

<b>9,8 mln m<sup>2</sup></b>	SEZ total area
<b>6,3 mln m<sup>2</sup></b>	Area of the land plots for tenants
<b>Above 11 bln rub.</b>	Planned infrastructure investments until 2024
<b>8 companies</b>	Number of operating member-companies
<b>850</b>	Declared amount of workplaces
<b>24,1 bln rub.</b>	Declared investments



## SHIPBUILDING AND PRODUCTION OF COMPONENTS



- ⦿ Production of ship systems
- ⦿ Production of shipboard equipment
- ⦿ Production of shipbuilding components

## PRODUCTION OF OIL&GAS EQUIPMENT AND COMPONENTS



- ⦿ Production of oil&gas and drilling equipment
- ⦿ Production of components for oil&gas equipment

## HI-TECH INDUSTRIAL PRODUCTION



- ⦿ Mechanical engineering
- ⦿ Production of crane equipment
- ⦿ Production of polymers
- ⦿ Medicine and pharmacology

### Access of SEZ "Lotus" tenants to the markets

**United Shipbuilding Corporation**  
(80% of Russia's shipbuilding)

**Development of the Caspian shelf**  
(Projects of PJSC "Lukoil", Russia and the Caspian-bordering countries)

**Markets**  
Of Russia, Caspian-bordering and ITC "North-South" participating countries

# Governmental Support for Shipbuilding Market in Russia



Fishing vessels



Passenger vessels



Ferry vessels, bulk carriers, container ships



Dredging fleet

	Fishing vessels	Passenger vessels	Ferry vessels, bulk carriers, container ships	Dredging fleet
Current situation in shipbuilding	<ul style="list-style-type: none"> <li>⊕ Developed drafts of vessels</li> <li>⊕ Permission on fishery in Russian territorial waters on condition of vessel construction in Russia</li> <li>⊖ 80% fleet to be renovated</li> </ul>	<ul style="list-style-type: none"> <li>⊕ Increase in domestic tourism as a result of sanctions against the Russian Federation</li> <li>⊖ Shallowing of inland water-ways and slow payoff as a consequence</li> </ul>	<ul style="list-style-type: none"> <li>⊕ Access to Iran and ITC "North-South"</li> <li>⊖ Shallowing of inland water-ways and slow payoff as a consequence</li> </ul>	<ul style="list-style-type: none"> <li>⊕ The increase in the amount of dredging operations financed by the Government</li> <li>⊕ The program for dredging fleet renovation requiring adjustment</li> <li>⊖ Absence on dredging equipment production center</li> </ul>
Governmental support	<ul style="list-style-type: none"> <li>📄 Quota allocation (quota for 20 years – new vessels, processing, storage)</li> <li>📄 Disposal charge</li> <li>📄 Credit at preferential rate</li> <li>📄 Industrial Development Fund</li> <li>📄 Interest rate subsidization</li> </ul>	<ul style="list-style-type: none"> <li>📄 Disposal charge</li> <li>📄 Credit at preferential rate</li> <li>📄 Industrial Development Fund</li> <li>📄 Interest rate subsidization</li> </ul>	<ul style="list-style-type: none"> <li>📄 Disposal charge</li> <li>📄 Credit at preferential rate</li> <li>📄 Industrial Development Fund</li> <li>📄 Interest rate subsidization</li> </ul>	<ul style="list-style-type: none"> <li>📄 Disposal charge</li> <li>📄 Credit at preferential rate</li> <li>📄 Industrial Development Fund</li> <li>📄 Interest rate subsidization</li> </ul>
Tax preferences	<ul style="list-style-type: none"> <li>📄 Federal Law №116 "On Special Economic Zones"</li> <li>📄 Additional tax preferences</li> </ul>	<ul style="list-style-type: none"> <li>📄 Federal Law №116 "On Special Economic Zones"</li> <li>📄 Additional tax preferences</li> </ul>	<ul style="list-style-type: none"> <li>📄 Federal Law №116 "On Special Economic Zones"</li> <li>📄 Additional tax preferences</li> </ul>	<ul style="list-style-type: none"> <li>📄 Federal Law №116 "On Special Economic Zones"</li> <li>📄 Additional tax preferences</li> </ul>
Administrative action	<ul style="list-style-type: none"> <li>📄 Strengthening of vessel safety requirements</li> </ul>	<ul style="list-style-type: none"> <li>📄 Strengthening of vessel safety requirements</li> </ul>	<ul style="list-style-type: none"> <li>📄 Strengthening of vessel safety requirements</li> </ul>	<ul style="list-style-type: none"> <li>📄 Strengthening of vessel safety requirements</li> </ul>

Localization of components production

- 📄 Shipbuilding market
- 📄 Stagewise foreign components purchase restriction
- 📄 Work of import substitution Commission





# Advantages for Production of Oil&Gas and Shipbuilding Components



- ▶▶▶ **Strategy of the development of shipbuilding industry of the Russian Federation**  
*(Decree of the Russian Federation Ministry of Industry and Trade № 354 from 06.09.07).*
- ▶▶▶ **Participation in Import Substitution programs For shipbuilding industry**  
*(Decree of the Russian Federation Ministry of Industry and Trade № 661 from 31.03.2015).*
- ▶▶▶ **Support under the plans of assistance to import substitution.**
- ▶▶▶ **Conclusion of special investment contracts providing purchase of 30 % of manufactured goods.**
- ▶▶▶ **Target loans at reduced rates of Industry Development Fund**
- ▶▶▶ **The Export Center of Russia support**
- ▶▶▶ **Participation in shipbuilding cluster projects of the Astrakhan region**  
*(Reimbursement of up to 50% of expenses for joint intra-cluster projects).*
- ▶▶▶ **Participation in oilfields exploration of the Caspian shelf**  
*(Russia, Azerbaijan, Iran, Kazakhstan, Turkmenistan).*



Forming a list of equipment and components for shipbuilding industry to be localized

Agreement between JSC “USC” and PJSC “SEZ “Lotus” dated 03.12.15

SEZ “Lotus” is Russian main production area of equipment and components for shipbuilding industry



Ministry of Industry and Trade of the Russian Federation



Ministry of Economic Development of the Russian Federation



Ministry of Transport of the Russian Federation



Ministry of Energy of the Russian Federation

JSC “USC” (80% of Russia’s shipbuilding) - main executor of the government program “Development of shipbuilding and offshore equipment 2013–2030”



Chamber of Commerce and Industry of Russia



Russian Union of Industrialists and Entrepreneurs



Industrial parks association



National association of oil&gas service



“Business Russia”



Strategic Initiative Agency



“Opora Rossii”



“RosNano”



SOYUZ KPAH “SoyuzKran”



Technopolis “Moskva”



Technopark “Skolkovo”



ICGIR CPTI Italian-Russian Chamber of trade



ROTOBO Japanese association ROTOBO



kotra Korean agency KOTRA



Assolombarda Italian association Assolombarda



VDMA



UNIDO







## Propulsion diesel-generators

Supplier: :

- **Wartsilla** (Finland)
- **MAN** (Germany)
- Other manufacturers



## Radio navigation, communication and monitoring systems

Supplier:

- **USC Tranzas** (Russia)
- Other manufacturers



## Auxiliary diesel-generators

Supplier:

- **Wartsilla** (Finland)
- **MAN** (Germany)
- Other manufacturers



## Azimuthal propulsion system

Supplier :

- **ABB Marine Oy** (Finland)
- **Steerprop** (Finland)
- Other manufacturers



## Shipboard Cranes

Supplier

- **Liebherr**  
(Switzerland)
- Other manufacturers



## Towing winches

Supplier:

- **Fluidmeconica**  
(Spain)
- Other manufacturers



## Bow thrusters

Supplier

- **Steerprop** (Finland)
- Other manufacturers



## Pumping systems

Supplier:

- **Allweier** (Germany)
- Other manufacturers



## High Level Control Systems

Suppliers:

- **EMERSON** (USA)
- **Honeywell** (USA)
- Other manufacturers



## Offshore Cranes

Suppliers:

- **Liebherr** (Germany)
- Other manufacturers



## Downhole Tractors

Suppliers:

- **Schlumberger** (USA)
- **Welltec** (Denmark)
- **WWT** (USA)
- Other manufacturers



## Directional Drilling Equipment

Suppliers:

- **Schlumberger** (USA)
- **Backer Hughes** (USA)
- **Halliburton** (USA)
- Other manufacturers



## Centrifugal Gas Compressors

Suppliers:

- **DRESSER-RAND** (Germany)
- Other manufacturers



## Turbines

Suppliers:

- **Solar** (Finland)
- **Siemens** (Germany)
- Other manufacturers

## TAX CONCESSIONS

### INCOME TAX

~~20%~~ **2%** for 10 years from the moment of profit-making. After 10 years the tax is 10%

### PROPERTY TAX

~~2,2%~~ **0%** for 12 years starting from the date of registration of the land plot property rights

### LAND TAX

~~1,5%~~ **0%** for 5 years starting from the date of registration of the land plot property rights

### TRANSPORT TAX

~~UP TO 2,5 EURO FOR 1 HP~~ **0%** for 12 years starting from the date of vehicle registration

### LEGISLATION

Acts of the RF legislation on taxes and charges, having bad influence on the SEZ Tenants are not applied



## CUSTOMS CONCESSIONS

### IMPORT CHARGE

~~ACCORDING TO LAWS~~ **0%** foreign goods (raw materials, equipment, spare parts)

### VAT FOR IMPORT

~~18%~~ **0%** foreign goods (raw materials, equipment, spare parts)

### EXPORT CHARGE

**0%** outside the territory of the Customs Union (Russia, Kazakhstan, Belarus)

### VAT FOR EXPORT

**0%** outside the territory of the Customs Union (Russia, Kazakhstan, Belarus)

### DURATION OF CUSTOMS REGISTRATION

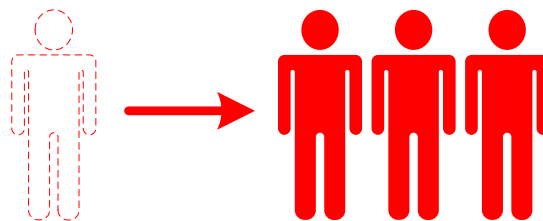
~~72 HOURS~~ **3 HOURS**

**SEZ "LOTUS" TENANTS HAVE SUFFICIENT TAX AND CUSTOMS CONCESSIONS**

**SEZ "LOTUS" RESIDENTS ARE SUPPLIED WITH TECHNICAL CONDITIONS ON ENGINEERING INFRASTRUCTURE ON THE BORDER OF THEIR LAND PLOTS**



## THE SEZ “LOTUS” TENANTS



READINESS TO INVEST AT LEAST 120 MILLION RUB IN A PROJECT.\*

- 
- **STEP 1** — PREPARATION OF INVESTMENT PROJECT BUSINESS PLAN AND ALL NECESSARY DOCUMENTS
  - **STEP 2** — APPLICATION FOR OBTAINING A TENANT STATUS
  - **STEP 3** — THE BUSINESS PLAN IS CONSIDERED BY THE SUPERVISORY AND EXPERT COUNCIL
  - **STEP 4** — CONCLUSION OF AGREEMENT ON PURSUIT OF INDUSTRIAL PRODUCTION ACTIVITY
  - **STEP 5** — OBTAINING SEZ MEMBER COMPANY (TENANT) CERTIFICATE

**STATUS OF SEZ «LOTUS» TENANT IS VALID UNTIL 2063**

\* INCLUDING 40 MLN RUB. IN THE FIRST 3 YEARS OF IMPLEMENTATION OF THE PROJECT (FEDERAL LAW №116 FROM 22.07.2005)



# Current Work of SEZ “LOTUS” with Its Tenants

## “Svoyee” LLC.



Production of biodegradable irrigation tubes

Investments: **491 mln rub.**

Workplaces: **58**

## JSC “Shipyard “Lotos”



Shipbuilding, shiprepair, metal constructions and offshore equipment

Investments: **490 mln rub.**

Workplaces: **213**

## JSC “ATEF-RUSS”



Electrical machinery production

Investments: **1117,4 mln rub.**

Workplaces: **191**

## JSC “MedInTech”



Production of medical syringes of the 3<sup>rd</sup> generation

Investments: **762 mln rub.**

Workplaces: **51**



## JSC “Gexa-Lotos”



Production of geosynthetic materials for construction sphere

Investments: **328,9 mln rub.**

Workplaces: **86**

## JSC “MCS”



Production of fiberglass boats

Investments: **1 556,2 mln rub.**

Workplaces: **116**

## JSC “InProjekt”



Production of Sea drones, creation of information analysis center

Investments: **191 mln rub.**

Workplaces: **55**

## JSC “Protelux Lotos”



Creation of technological complex for production of bioprotein from natural gas

Investments: **19 294, 2 mln rub.**

Workplaces: **80**

# Conditions for Business in the Astrakhan Region



GOVERNMENTAL SUPPORT OF BUSINESS



“ONE-STOP SHOP” PRINCIPLE



PREPARATION OF ENGINEERING PERSONNEL



CULTURE AND TOURISM



ATHLETICS



HEALTHCARE SYSTEM







**Welcome to SEZ «Lotus»!**

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**Public Joint-Stock Company  
Special Economic Zone «LOTUS»  
Director General: Sergey Milushkin  
Address: Russia, the Astrakhan Region,  
Astrakhan**

**Tel. : +7 (8512) 51-32-66**

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

**E-mail: [lotos@sezlotos.ru](mailto:lotos@sezlotos.ru)**