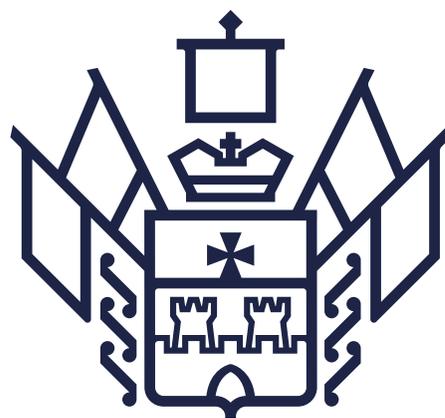


*This overview contains important information and facts about business climate in Krasnodar region and designed to help potential investors assess the investment opportunities of the region*

# Guide to Investment



## Krasnodar region

**1A** *(maximum potential -  
minimum risk) -  
investment attractiveness rating*

**Ba3** *credit rating  
of Krasnodar region  
according to Moody's*

**6** *overall amongst Russian regions  
in terms of total annual investment*



**3** *among Russian regions  
in population*

PwC Russia ([www.pwc.ru](http://www.pwc.ru)) provides industry-focused assurance, tax, legal and advisory services. Over 2,500 professionals working in PwC offices in Moscow, St Petersburg, Ekaterinburg, Kazan, Rostov-on-Don, Krasnodar, Voronezh, Novosibirsk, Vladikavkaz and Ufa share their thinking, experience and solutions to develop fresh perspectives and practical advice for our clients. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Together, these firms form the PwC network, which includes over 236,000 employees in 158 countries. Please see <https://www.pwc.ru/en/about/structure.html> for further details.

This guide was prepared by the Krasnodar Region Administration jointly with PwC. This publication has been prepared solely for general guidance on the matters herein and does not constitute professional advice.



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## Welcome Address by the Governor of the Krasnodar Region



**Veniamin Kondratyev**

Head of Administration (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!

## Welcome Address by Managing Partner of the PwC office in Krasnodar

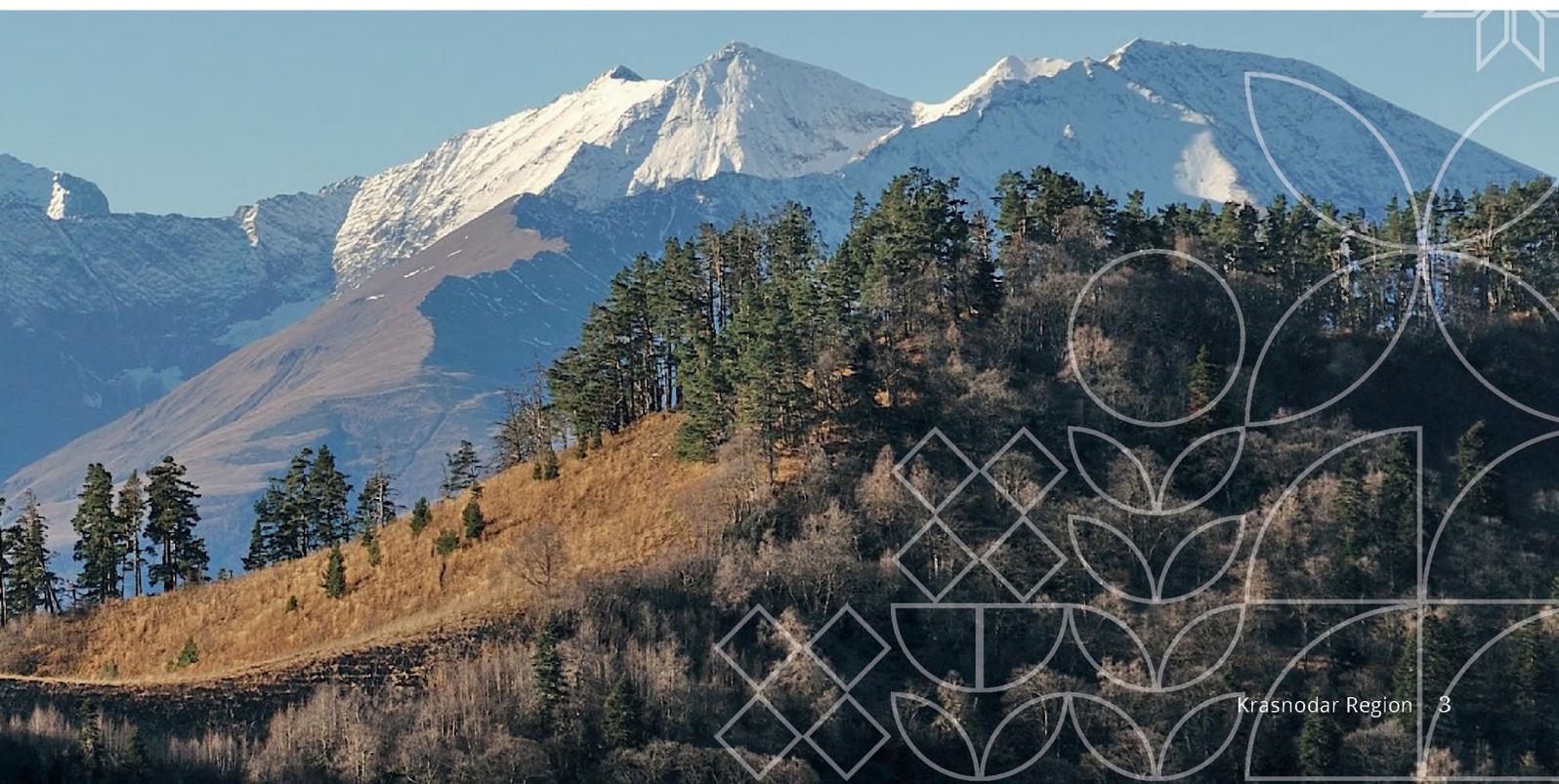


***Vyacheslav Solovyev***

Managing Partner,  
PwC Krasnodar

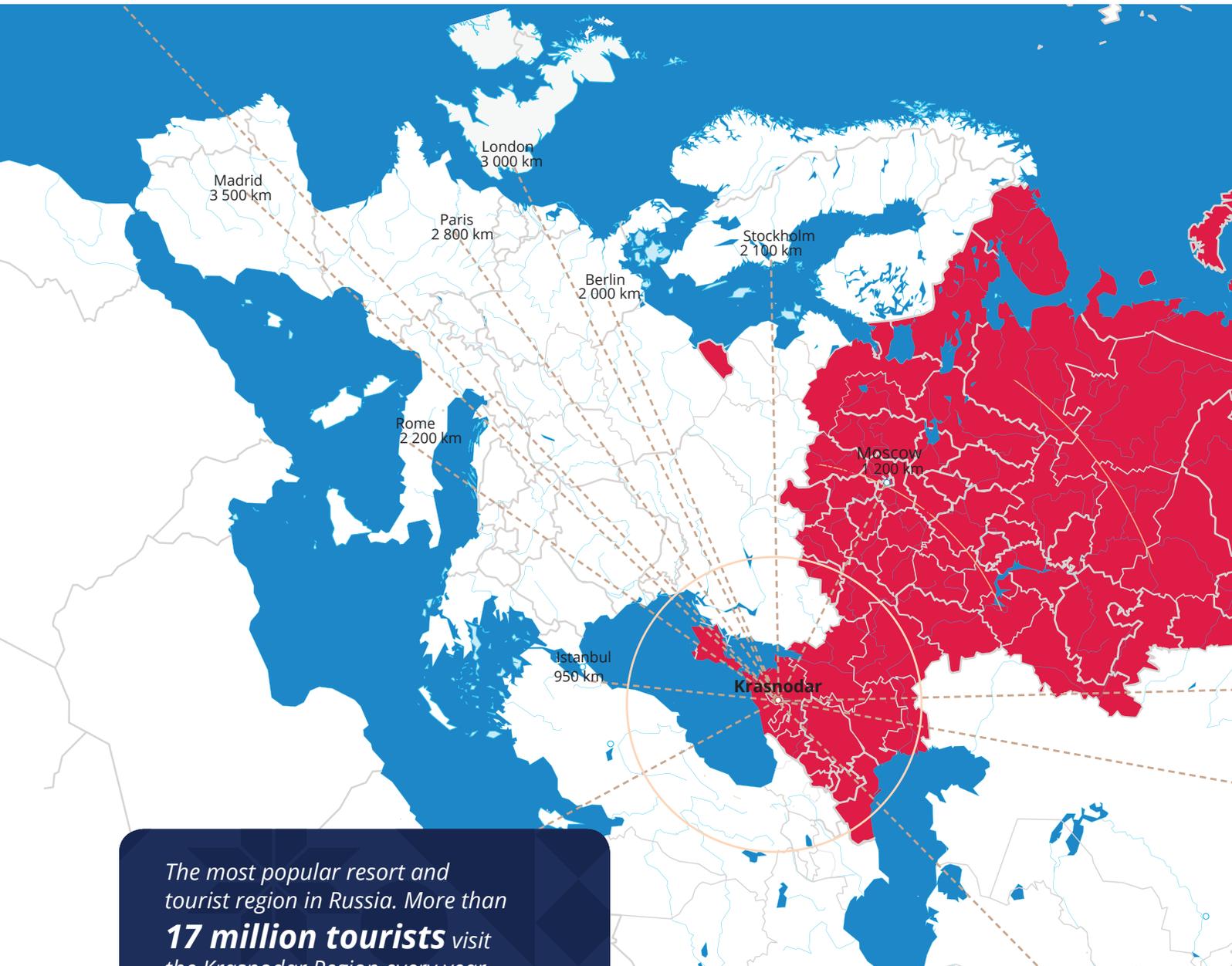
We are pleased to present this Guide to Investment for the Krasnodar Region, a region with enormous economic and investment potential. The Krasnodar Region boasts a unique geographical location, climate and natural resources. Its economic stability and infrastructure have engendered a favourable environment 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.





## Geographical Location of the Krasnodar Region



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



# Geographical Location of the Krasnodar Region



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



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



## Transport Infrastructure

The transport infrastructure in Krasnodar Region (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 transport infrastructure delivers tourists and holidaymakers to the coastal areas on the Black Sea, which is the main resort complex in Russia, attracting over 17 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 Azov Sea. Over 250 million tons of cargo are shipped through Krasnodar's nine ports every year.

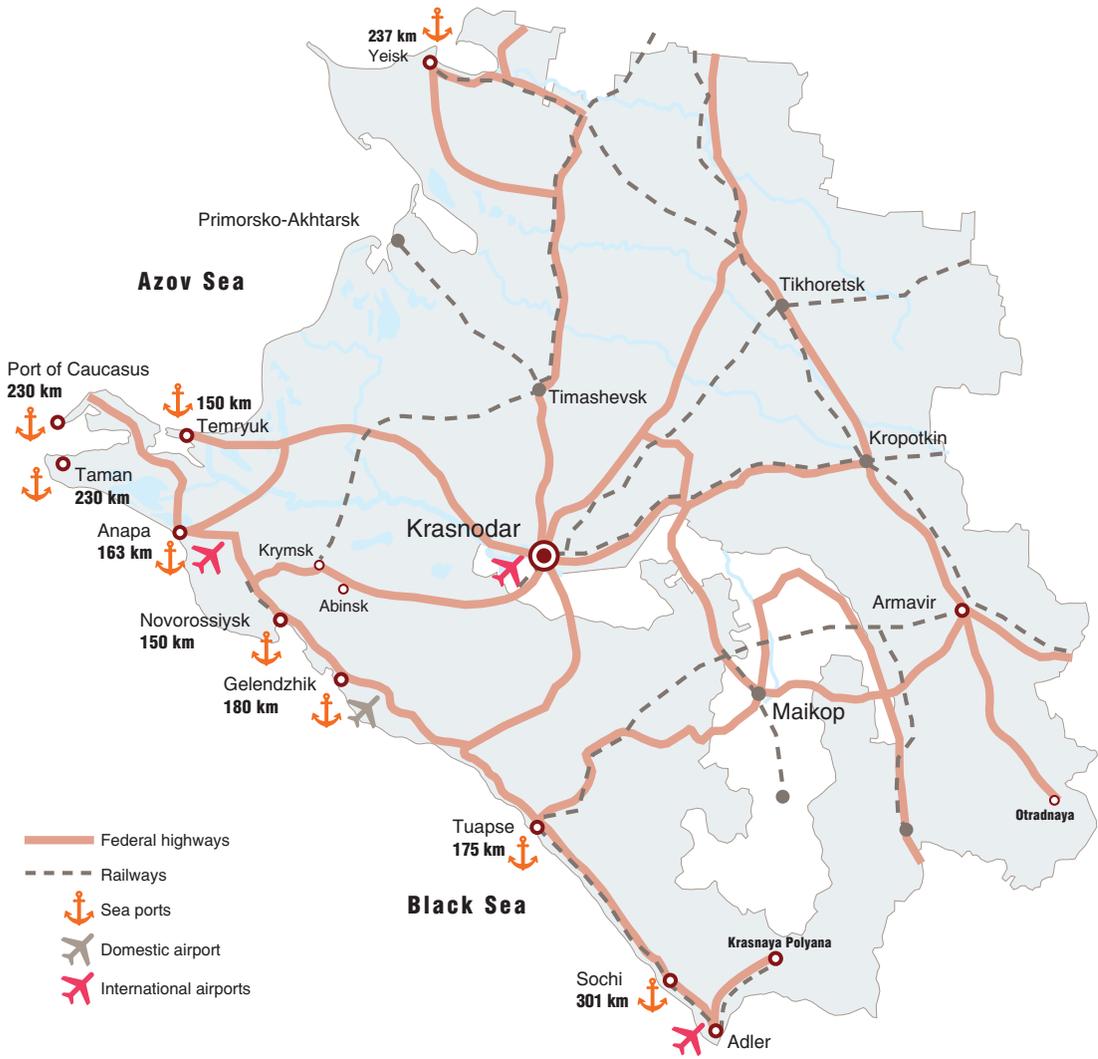
The port in Novorossiysk, the largest in Russia, is a modern multifunctional and highly automated complex. In 2018, the port's cargo turnover amounted to over 155 million tons, including over 106 million tons of oil and over 47 million tons of dry cargo.

### Comparative characteristics of transport 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	2 204,5	42 277,2	3
Moscow Region (incl. Moscow)	0	2 699,3	49 645,1	3
Rostov Region	2	1 900,8	35 418,3	1
Republic of Tatarstan	0	876,8	39 340,8	2
Stavropol Region	0	921,8	20 214,5	2

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





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**  
(Kranodar, Sochi, Anapa)  
**1 regional airport**  
(Gelendzhik)



**wide railway network and highways**

**472 km of routes**  
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 <sup>2</sup> of land	Rank in the Russian Federation
Moscow Region (incl. Moscow)	2 418	1
Krasnodar Region	292	10
Rostov Region	188	31
Stavropol Region	139	42
Republic of Tatarstan	129	43

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 Azov Sea, as well as to ports for international shipping. The following routes in particular serve cargo traffic to the ports: Novorossiysk, Tuapse, Yeysk, Temryuk, the Caucasus and Taman. 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 (30% 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.

According to the volume of arrival of cargo railway transport Krasnodar region takes 2nd place in Russia - more than 1 million tons annually



## Comparative characteristics of road infrastructure in Russian regions

Region of the Russian Federation	Density of public highways, km of road per 1,000 km <sup>2</sup> of land	Rank in the Russian Federation
Moscow Region (incl. Moscow)	3 300	1
Krasnodar Region	472	12
Rostov Region	443	13
Stavropol Region	272	34
Republic of Tatarstan	264	36

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 42,000 km, including:

- federal roads – 1,644 km;
- regional roads – 8,893 km;
- local roads – 31,740 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 463 km per 1,000 km<sup>2</sup>. This is 2 times higher than average in the Southern Federal District (235 km) and 7,5 times higher than average in the Russian Federation (63 km).

The most overloaded highways in the Krasnodar Region are the federal highways A146 «Krasnodar – Novorossiysk», M27 «Dzhubga – Tuapse – Sochi», M4 «Don» and M29 «Kavkaz».

### Air transport infrastructure

Krasnodar Region airports account for about 10.6% of the total passenger air traffic in Russia (almost 12.3 m people in 2018).

The Krasnodar and Sochi airports presently have the biggest share of passenger and cargo air traffic (85% of total traffic). About 40 Russian and foreign airlines operate regular and charter flights.

JSC «Krasnodar International Airport» is starting to implement investment project involving the development of the new airport Krasnodar (Pashkovsky). The project includes the construction of the airport terminal complex, objects of service and technical territories, station square. Implementation period 2018-2023. Planned capacity of the new airport– 1,700 passengers per hour.

## 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 ( 3rd place after Moscow and Moscow region).
- The Krasnodar Region is one of the largest markets in the Russian Federation due to its high population and number of tourists (more than 17 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 organization of large-scale federal projects, knowledge of advanced construction technologies and skills.



## Priority areas for investment:



*agribusiness;*



*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.*

## The Krasnodar Region in investment ratings:



- 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 climate.
- In recent years the Krasnodar Region has been among the top ten regions with the best investment climate in the country (National rating of investment climate Russian regions)
- Credit rating of Krasnodar region (according to the ACRE) – A+(RU)

## Investment activity

- The Krasnodar Region is **6th** overall amongst the Russian regions in terms of annual investment (over the last three years [2016-2018], no more RUB **1.4 trillion** have been invested in the Krasnodar Region's economy).
- **40%** of the largest investments projects of the Southern Federal District are implemented 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"*).

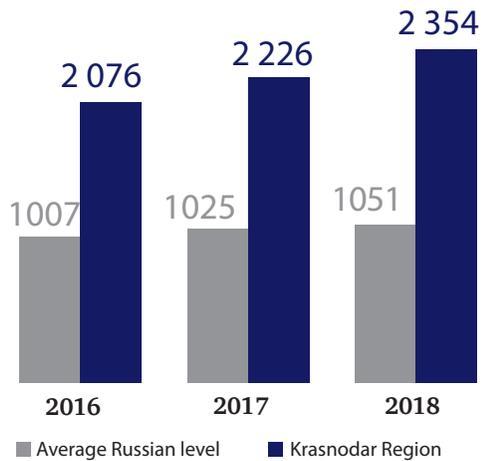
## Coordination and advisory bodies for improving the investment climate in the Krasnodar Region:

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



## Economic Potential

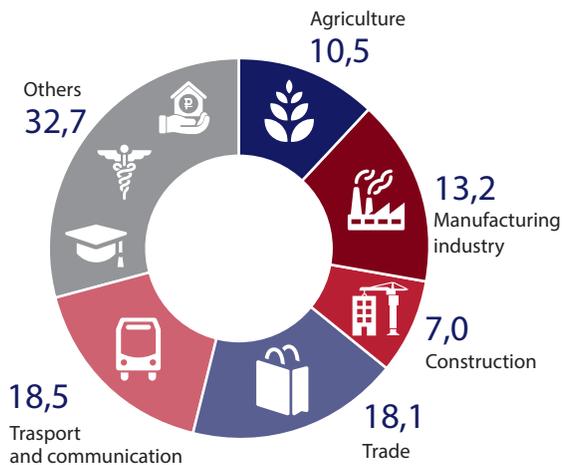
The GRP of the Krasnodar Region, billions of RUB



Foreign direct investment in the Krasnodar Region (the accumulative total), millions of USD



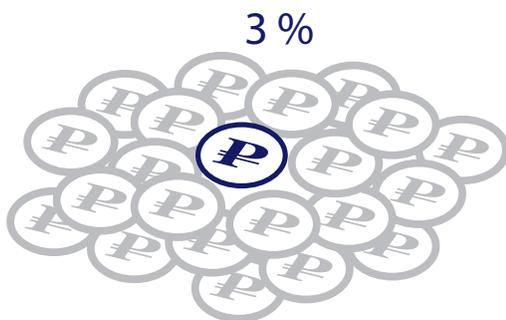
Structure of the GRP of the Krasnodar Region, %



### 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);*
- *KORENOVKA DAIRY AND CANNING PLANT (food production);*
- *NOVOROSCEMENT (construction materials).*

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



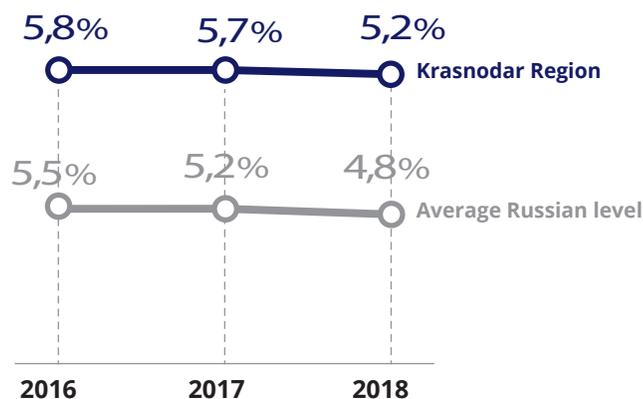
## Labour Force

In 2018, the number of economically active individuals in the Krasnodar Region was 2.8m people (50% of the average annual number of residents). In 2018, the total number of unemployed people (which is calculated according to the International Labour Organisation’s methodology) was 145,000 people, or 5.2% of the economically active population. In 2018, the average monthly nominal salary was **RUB 33 846**

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.



Unemployment rate (with the application of International Labour Organization criteria)



The standard includes mechanisms for providing high-tech industries with a new, highly skilled and internationally competitive labor 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.



## Educational Infrastructure and Innovation

### Educational and Scientific Organizations:

- 100 research organizations (scientific institutes and centers, universities, R&D centers, industrial enterprises and entrepreneurial projects)
- 24 institutions of higher education and 33 university branches;
- 115 training and professional development organizations.

### 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 Ecosystem:

- Public co-working center “Mesto Deystviya”  
St. Tramvaynaya 2/6, first floor, Krasnodar, Krasnodar Region  
Tel.: 8 (800) 707 07 11  
<http://www.mbkuban.ru/kovorking/>
- Private infrastructure project “Sochi Innovation Valley” Co-working center “Sea of Ideas”  
St. Ordzhonikidze 11, Office 10.7 and 10.8, Sochi, Krasnodar Region  
Tel.: +7 (862) 258 44 44  
[info@moreideas.ru](mailto:info@moreideas.ru), <http://www.moreideas.ru>
- Regional Engineering Center  
405 Severnaya st., Krasnodar, Krasnodar Region  
Tel. 8-800-707-07-11  
<http://www.gfkaban.ru/rci/>
- Prototyping Center  
405 Severnaya st., Krasnodar, Krasnodar Region  
Tel. 8-800-707-07-11
- Innovation Center  
405 Severnaya st., Krasnodar, Krasnodar Region  
Tel. 8-800-707-07-11  
<http://inc.gfkuban.ru/>
- Educational Center “Sirius”  
40 Olympiskiy Prospekt, Sochi, Krasnodar Region  
Hot line: 8 (800) 100 76 63  
<http://sochisirius.ru/>



# 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**  
General Director of "CLAAS" LLC

"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 Shedok field gypsum, which has the highest quality gypsum in Europe. According to management, the high quality of the product, favorable bedding of the mineral, minimum costs for transportation from the mine, and the smart investment policy aimed at modernization mean the plant is one of the leaders within the KNAUF Group.



**Valery Filatov**  
General Director  
of "KNAUF GIPS KUBAN" LLC

"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 modernized. 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**  
General Director  
of "NESTLÉ KUBAN" LLC

General Director of "NESTLÉ KUBAN" LLC

"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 and launched two new products using this technology.

We do not stop there, we are confident in the future and planning our further development in the region".



## **MAGNIT retail network** (structure of JSC "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 capitalization) retailers in the world.

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

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).

For better storage of food products and optimized deliveries to network shops, Magnit organised a logistics network that includes 34 distribution centers, 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.



For many years, JSC Tander, with Magnit as a part of its structure, has been a reliable partner of the Krasnodar Region 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.



# PHILIP MORRIS INTERNATIONAL



PMI is the leading international tobacco company, which products are sold in 180 countries.

In Russia PMI is represented by two companies: JSC Philip Morris Izhora in the Leningrad Region, including branch Philip Morris Kuban in Krasnodar, and LLC Philip Morris Sales & Marketing Limited, with branches in about 100 Russia's cities.

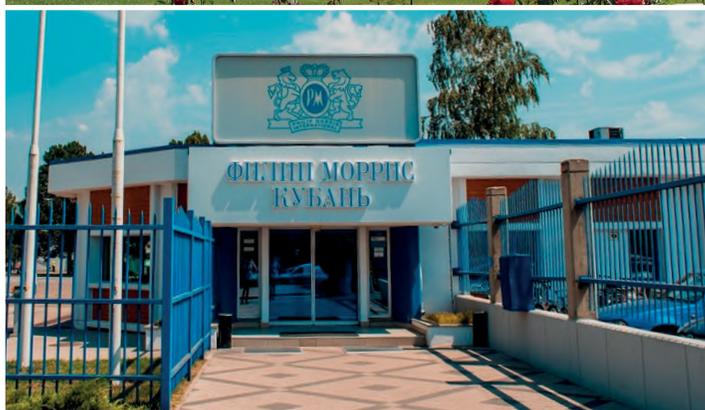
JSC Philip Morris Izhora, including the branch Philip Morris Kuban (Krasnodar, Russia) is a modern automated industrial enterprise with the complete production cycle (from first processing of unmanufactured tobacco to production and packaging of high-quality cigarettes), and one of the largest production centers of Philip Morris International in the world.

The enterprise is the first foreign investor in the Krasnodar Region, and one of the major and responsible employers of the region, which creates comfortable and safe working conditions. The 25-year-long development history of the company in the Krasnodar Region is one of the most successful example of direct investment in the Russia's regional economy. At the present time, the volume of investment in reconstruction and capital improvements of the factory amounts USD 250 mln.



**Vladislav Kalashnikov**  
General Director  
of "PHILIP MORRIS KUBAN" LLC

"Today the Philip Morris Kuban factory is one of the major enterprises in the region. Due to highly qualified staff and favorable conditions for foreign investors made by authorities of the Krasnodar Region and the city of Krasnodar, the factory has been successfully working for 25 years yet. As before, we believe in investment potential of the Krasnodar Region and we are convinced of the further successful development of our enterprise on the territory of the region".



# State Support System for Investors

## Tax preferences for investors

Investment project category	Corporate income tax	Tax preference validity period***	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	1,5 %	Up to 5 years	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 %	Within estimated payback period	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](http://www.investkuban.ru),  
hotline for investors: 8 (800) 707-07-11

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

\*\* 17% in 2017-2024

\*\*\*tax preference validity period is up to 01.01.2023

## 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 and our regional legal framework has been acknowledged as one of the best in Russia.

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



## Welcome Center is Russia's first multifunctional center for foreign business

Welcome Center is a single location providing multiple services for foreign companies in the South of Russia, for foreign individuals and their families. The center is based within CJSC "Krasnodar Region Development Corporation".

A foreign company or individual has an opportunity to solve any issue in one place using comfortable language and familiar format.

Supported by municipal institutions and private business, the Welcome Center involves the best consultants of the Krasnodar Region to the working process. Highly skilled professionals provide services in accordance with international standards.



### ● Corporate services

- Legal support
- Accounting and audit
- HR
- IT & web-services
- Marketing services
- Banking services

### ● Services for individuals

- Migration services
- GR Services
- Notarial services
- Concierge
- Educational programs
- Insurance
- Real estate



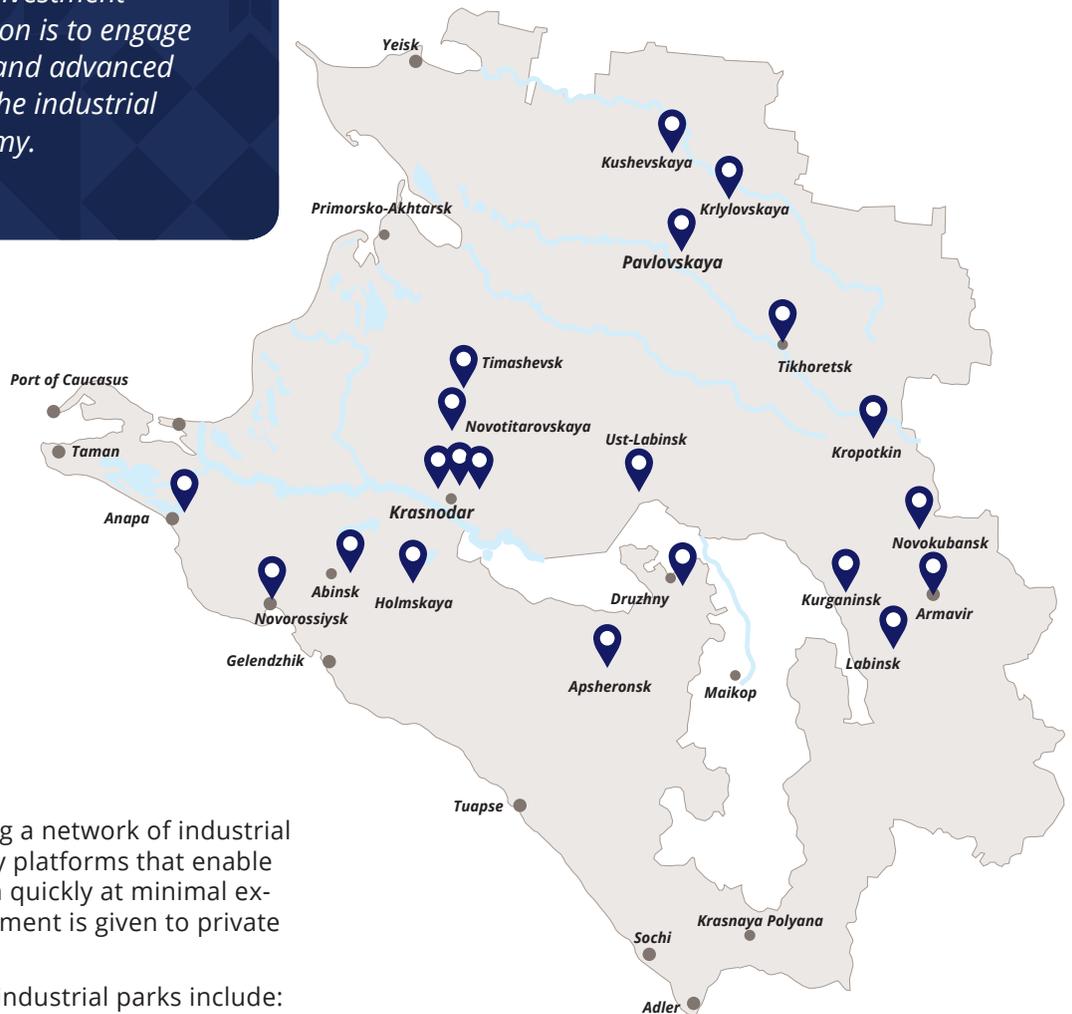
**Contact Welcome Center and discover the region of investment opportunities!**  
**Hotline: 8 800 550 50 08**  
**Email: [i@welcomecenter.ru](mailto:i@welcomecenter.ru)**



## Industrial Parks

*One of the priorities of the investment policy 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 more information,  
please visit [www.investkuban.ru](http://www.investkuban.ru)**



Krasnodar Region is developing a network of industrial parks featuring special turnkey platforms that enable investors to launch production quickly at minimal expense. Priority in the establishment is given to private industrial parks.

The priority industries for the industrial parks include:

- agricultural machinery and food industry equipment production;
- construction materials and equipment;
- food and processing industry;
- pharmaceuticals and medical devices;
- woodworking and furniture manufacturing.

Plots of land in the city of Krasnodar (the Eastern Industrial Zone) and Apsheronsk and Labinsk Districts and in other districts of the region, 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.

The estimated capacity of the engineering networks for the first line of the EIZ: electric power – 30 MW, gas – 3,000

m<sup>3</sup>/hour, water supply and water drain – 1,500 m<sup>3</sup>/day.

The second line of the industrial park will be constructed on an adjacent territory. The total area of the park may reach 320 hectares.

The regional government's focus is on the re-industrialization 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 23 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 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.
- Company group "Basic Element" plans to build a private industrial park in Ust-Labinsk. The total park area will exceed 830 hectares by 2025. The park has multi-industry specialization, including construction materials production and food. Taking into account the availability of large range of consumers of the planned products in the region, the launch of this kind of production and receiving maximum benefits will provide investors with the considerable advantage.
- Since 2018 in the Kavkazsky District the project on establishing of the industrial park "Dostoyaniye" is implemented (Kropotkin city). The area of the park is 13.3 hectares. Specialization: food and pulp and paper industry. The project has been selected by the Ministry of Economic Development of the Russian Federation. A funding period will start from February 2020 within the framework of the national project "Small and Medium sized Entrepreneurship and Support for Entrepreneurship initiative."
- In March 2019 the management company of the Industrial park "Anapa" (LLC Anapa) was established by the private investor in order to realize the implementation of the project on creation of the industrial park in the city of Anapa. Now, the company works on providing the necessary engineering infrastructure, including power supply, water supply and gas supply of residents of the industrial park.





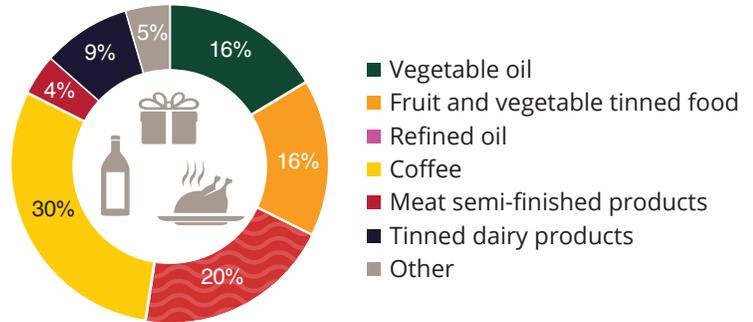
# Priority sectors of the economy for investment

## Agribusiness

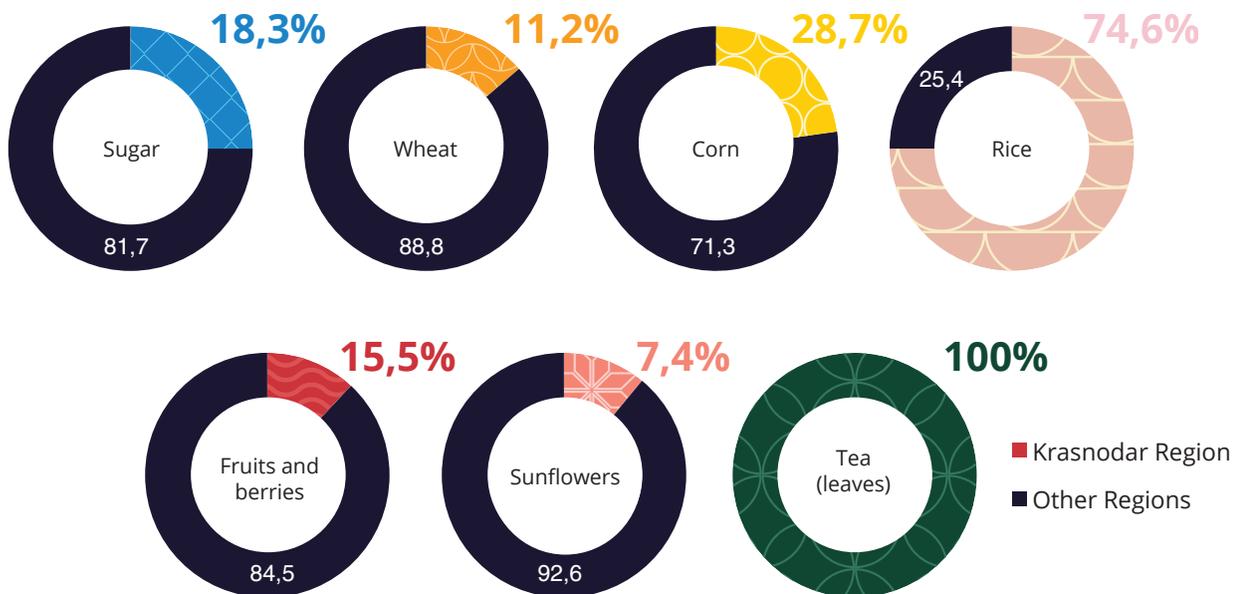
The Krasnodar Region is one of the leading Russian agricultural and food-production centers. The agricultural land in the Krasnodar Region makes up 10% of the agricultural land in the entire Southern Federal District. The plains comprise mostly chernozem soils—with a total area of 4.8 million hectares, i.e. over 4% of Russia's and about 2% of the world's reserves – characterized by its dark color, 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 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 produced in the region include the following: oil and fat, dairy, meat, sugar, fruits and vegetables, and tinned food.

Krasnodar Region was opened as part of a movement to develop precision agriculture. This is the first such center in the country. The Centre enables officials and farmers to monitor every agricultural field in the region, and collect and analyses data on fertilizers, 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.

In 2013, the Unified Satellite Monitoring Centre of the

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

- The volume of agricultural production amounted to RUB 359.3bn in 2018.
- The gross 2018 grain and legumes harvest was 12,726m tonnes.
- The gross 2018 sugar beet harvest increased by 39% in all types of agribusinesses, amounting to 7.701m tonnes.
- In 2018, the gross sunflower harvest was 941bn tonnes.
- Overall, enterprises and farms increased milk production in 2018.
- In 2018, export of Agricultural products of the Krasnodar Region exceeded \$2.2 billion (8.5% of all-Russian).
- To date, there are 135 countries of near and far abroad among exporters of the regional Agricultural products. The share of processing products in export of agro-industrial complex of the Krasnodar Region is about 20%. Main grain importing countries are Turkey, Egypt, Bangladesh, Vietnam, Yemen, Israel, Indonesia, Cameroon, South Korea.

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st. Rashpilevskaya, 36, Phone +7 (861) 214-25-56,  
e-mail: msh@krasnodar.ru, www.msh.krasnodar.ru*

### Key Enterprises:

- Agrocomplex n.a. N.I. Tkachev (<http://zao-agrokomplex.ru/>);
- Agroholding Kuban (<http://www.ahkuban.ru/>);
- Fanagoriya agroindustrial company ([www.fanagoria.ru/](http://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/](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 wine-making regions thanks to the unique soils and climatic characteristics favorable 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 26,000 hectares, or about 30% 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.

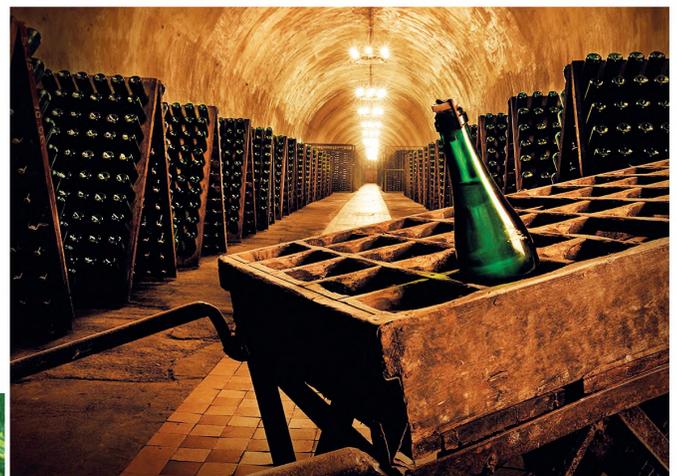
These projects will promote the development of a large Russian grape and winemaking cluster that will produce a considerable share of authentic Russian wines that are competitive domestically and internationally.

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 PJSC Abrau - Dyrurso (Novorissiysk city), JSC Fanagoria (Temryuk District), LLC Sauk Dere (Krymsk District), JSC Divnomorye (Gelendzhik city) and other are known all over the world.

In 2018 the export volume of regional winemakers amounted to more than 3 million litres in 16 countries, including China, Switzerland, Great Britain, Canada, Spain, Brazil, Belgium, Israel etc.

In 2018 in the frameworks of foreign tasting competitions, region's winemakers won 80 medals, including 4 gold and 31 silver. Wine tourism plays a significant role in promoting regional wine-making, as well as in increasing the culture of wine consumption. 19 wineries offer excursions to their vineyards and wineries, as well as offer fascinating tourist programs on the territory of the Krasnodar Region.

In 2018, at least 300 thousand people visited the wine enterprises of the region.



### 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.

In the past 6 years (2013-2018) investments in hospitality and tourism amounted to RUB 144bn.

In 2018, over 17m people visited the Krasnodar Region, a 6% increase from 2017.

There are 673 tourism organizations currently working in the region, including 110 tour operators, 48 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 transform Sochi into a world-class alpine resort. The Krasnodar Region has an excellent reputation as one of Russia's best ski centers. In 2018, more than 1.8 million people visited the alpine areas of Sochi.

Balneological therapy and mud therapy in the Krasnodar Region are provided at 190 resorts with 143 balneological departments, 134 mud departments, and 60 mineral springs.

The Krasnodar Region boasts more than 600 objects of tourist display, including 292 tourist and excursion 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>);
- Russian Children's Centre "Orlyonok", 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 2018 Travellers Choice awards and were ranked among the 25 best Russian hotels:

- Citrus, Adler (1st place);
- Hilton Garden Inn, Krasnodar (12th place);
- Rodina Grand Hotel and Spa, Sochi (14th place);
- Swissôtel Resort Sochi Kamelia, Sochi (15th place);
- Pullman Sochi Centre, Sochi (22nd place);
- Radisson Blu, Sochi (24th place).

Renovating tourist attractions is vitally important for maintaining and developing tourist infrastructure.



## Manufacturing Industry

Krasnodar Region includes more than 7,000 industrial enterprises of various specializations, where about 80,000 people are employed. The annual industrial performance for 2017-2019 increased by more than 18% and amounted to RUB 300bn in 2019. 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.

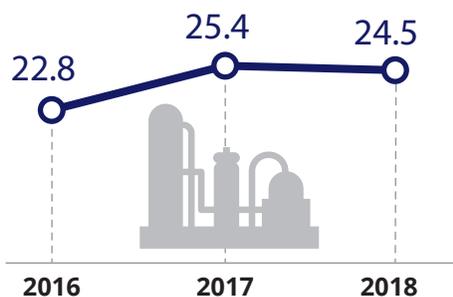
## Key Enterprises:

- LLC "Abinsky ElectroMetallurgical Plant" ([www.abinmetall.ru](http://www.abinmetall.ru));
- LLC "Novorosmetall" ([www.novorosmetall.ru](http://www.novorosmetall.ru));
- LLC "CLAAS" ([www.claas.ru](http://www.claas.ru));
- JSC Krasnodar Instrument Factory "Kaskad";
- OJSC "Vorovsky Tikhoretsky Machine Building Plant" ([www.tmv.ru](http://www.tmv.ru));
- LLC "Plant Elektrosvkavmontazh Industry" ([www.zeskmi.ru](http://www.zeskmi.ru));
- CJSC "Kropotkin plant on production of special construction equipment";
- LLC "Kanevskoy Gas Equipment Plant" ([www.flama-group.ru](http://www.flama-group.ru));
- JSC "Kubanzheldormash";
- LLC "TEGAS" ([www.tegaz.ru](http://www.tegaz.ru));
- PJSC "Saturn" ([www.saturn.kuban.ru](http://www.saturn.kuban.ru)).





Oil refining volumes at oil refineries in 2015-2017, thousand tons



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e-mail: [dpp@krasnodar.ru](mailto:dpp@krasnodar.ru), [www.dppkk.ru](http://www.dppkk.ru)

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.

Modernization of the Tuapse refinery is actually the construction of a new refinery without interrupting the existing production.

The reconstruction of the plant is aimed at increasing the volume of oil refining from 4.5 to 12 million tons per year, as well as increasing the refining depth from 54 to 95% and output of products conforming to the ecological class Euro-5 after reconstruction.

Modernization of the Tuapse Refinery will ensure the growing needs of the southern regions of Russia for high-quality motor fuel.

In addition, given the unique geographical location and transshipment capacity of Rosneft PJSC in Tuapse, the project will significantly expand the country's ability to export crude oil.



### Production of construction materials

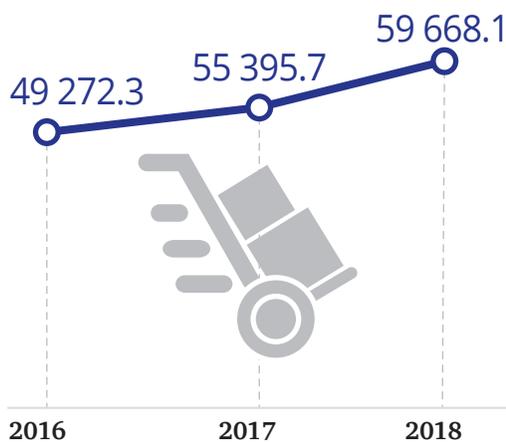
in the Krasnodar Region is the largest sector in the Southern Federal District. A wide range of construction materials are manufactured in the region, including cement, wall materials, reinforced and concrete products, dry construction mixes, gypsum products and artificial construction materials. In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

Key Enterprises:

- OJSC “Novoroscement”;
- OJSC “Verkhnebakansky Cement Plant”;
- LLC “Atakaytsement”;
- OJSC “Slavyansky Kirpich”;
- LLC “Gubsky Bricks Plant”
- LLC “Glavstroy-Ust-Labinsk”.

KNAUF GIPS Kuban ([www.knauf.ru](http://www.knauf.ru)) is also one of the leading manufacturers of gypsum products for construction.

### Shipped goods, millions of RUB



The light industry in the Krasnodar Region is represented by textile, fabric, clothing, and leather production.

Key Enterprises:

- JSC “Alexandria” ([www.alexandria-krasnodar.com](http://www.alexandria-krasnodar.com));
- JSC “Slavyanskaya Sewing Factory” ([www.slavyanca.ru](http://www.slavyanca.ru));
- LLC “Bris Bosfor” ([bris-bosfor.ru](http://bris-bosfor.ru)).

### The glass, china, and faience industry

In 2019 the volume of shipped products increased by 113% and amounted to 3, 8 billion rubles.

The key enterprise of industry is Ruscam Glass ([www.ruscam.ru](http://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 organized.

### Production index



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 2018 amounted to about RUB 30bn. From 2016-2018, the number of chemical companies increased, reaching over a 2,000 companies and employing about 13,000 people.

The majority of rubber and plastics in the region is produced by Constantia Kuban ([www.constantia-kuban.com](http://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, EuroChemBelorechensk Mineral Fertilizers is one of the largest Russian chemical enterprises. It manufactures a wide range of products, specializing 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.

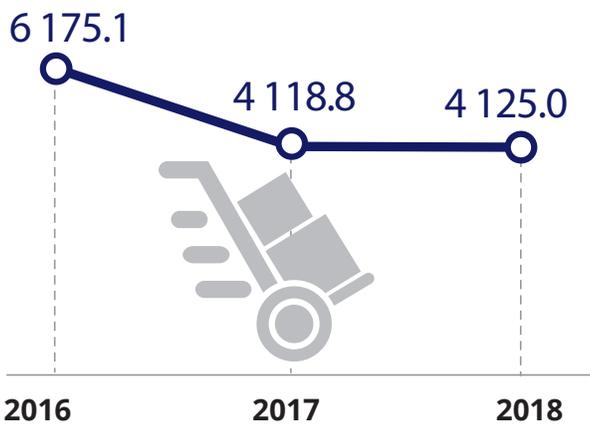
In 2015, Russia's import-substitution program led to an increase in demand for mineral fertilizers. The company annually invests about RUB 1bn for modernizing the plant. From 2016 to 2019, EuroChem plans to build four new workshops and create up to 250 new jobs.



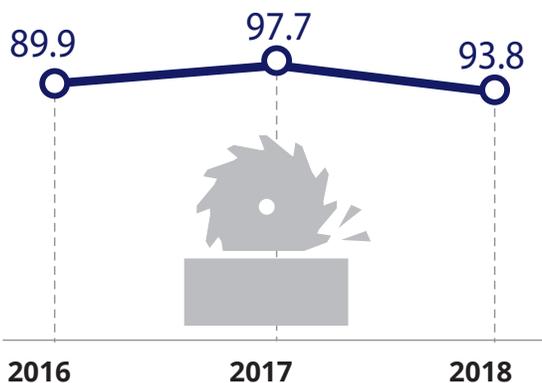


The woodworking industry is represented in the Krasnodar Region by enterprises manufacturing MDF boards, timber, parquet, furniture boards, furniture parts, long products, furniture, etc. Most of these operations are mainly small and medium-sized enterprises employing up to 100 people.

**Shipped goods, millions of RUB**



**Production index**



**The leading enterprise** in this sector is PDK Apsheronsk ([www.a-pdk.com](http://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.

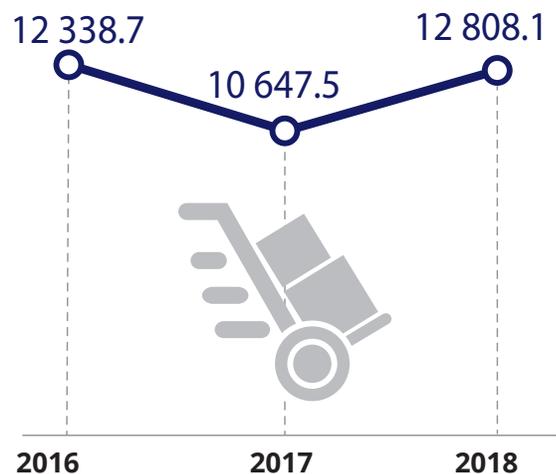
The pulp-and-paper and printing industries are represented in the Krasnodar Region by manufacturers of consumer packaging, transport boxes, pulp base, and domestic and sanitary products, as well as printing plants. Most of these operations are mainly small and medium-sized enterprises employing up to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

**Key Enterprises:**

- LLC "Apolinariya" ([www.akarton.ru](http://www.akarton.ru));
- JSC "Packaging Kuban";
- OJSC "AR Carton" ([www.ar-carton.com](http://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.

**Shipped goods, millions of RUB**



**Production index**



## Priority sectors of the economy for investment

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:

- LLC “PF Pollet” ([www.pollet.ru](http://www.pollet.ru));
- LLC “Furniture factory “Angazhement” ([www.angagement.ru](http://www.angagement.ru));
- IE Linevich (Furniture plant E-1) ([www.e-odin.ru](http://www.e-odin.ru)).

### Construction

The Krasnodar Region consistently leads in the construction of new housing, ranking 1st in the Southern Federal District and 2nd among regions in Russia. The industry employs over 240,000 people. In 2018, RUB 287.8bn worth of construction projects were undertaken in the region.



**Leaders in building new housing** among developers of the city of Krasnodar in 2018 were:

- LLC “YugStroyInvest Kuban”;
- LLC “Neftestroyindustriya-Yug” ;
- LLC “Ekaterinodarinvest-Story”;
- LLC “SpetsStroyKuban”.



## 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 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).

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:**

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

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.

IT and innovation infrastructure is actively developing in the Krasnodar Region. IT and innovative infrastructure are rapidly developing in the Krasnodar Region. The IT park, established in 2013, is actively developing in the city of Krasnodar. One of its residents is the network of studios "Robokub". Its team ranks 1st at the VIII All-Russian Robotics Festival "RoboFest" in Moscow (April 12-15, 2016). On December 25, 2018, the first technopark for children "Kvantorium", began its work in Krasnodar city.

5 laboratories "Energikvantum", "Robokvantum", "IT Quantum", Aerokvantum and Biokvantum, as well as Hi-tech shop with milling machines, laser plotters and other equipment. 800 children aged from 5 to 18 years old will be trained on the basis of the technopark, and by 2020 their number should reach 1,440.

On the initiative of the President of the Russian Federation Vladimir Putin, in the city of Sochi was established a year-round Educational center "Sirius" by the Educational Foundation "Talent and Success" on the basis of the Olympic infrastructure. The purpose of the center is early identification, development, and further professional support of gifted children who have shown outstanding abilities in the field of arts, sports, science, as well as who have achieved success in technical creativity. Every month 800 children at the age of 10-17 from all Russia's regions come to Sirius. The children are accompanied by more than 100 teachers and trainers, who improve their qualification in the Center.

In Krasnodar city, until 2021, it is planned to build a boarding school for gifted children with modern laboratories of natural sciences, as well as a sports center, swimming pool and boarding school.

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.

In 2018, 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.

### Insurance Market

The region is one of the leaders in the insurance market, ranking fifth overall among Russia's 85 regions.

**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.



## What's interesting in Krasnodar region?

### 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 modernized. 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 center 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.

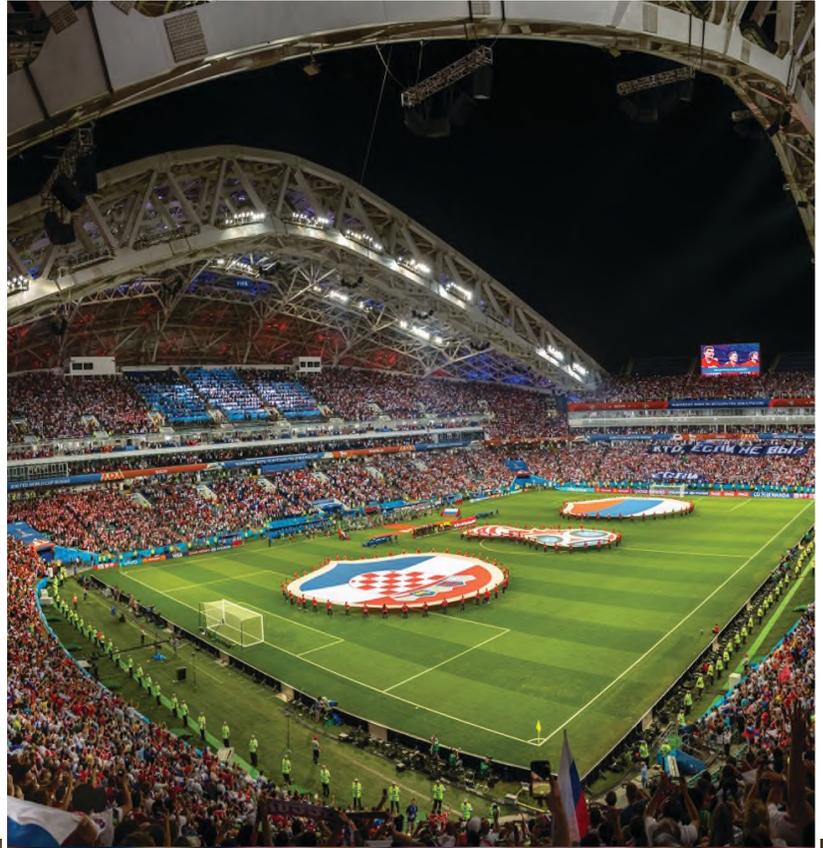
In its first year, the Grand Prix of Russia was officially recognized as the best Formula One cup of the season.



### FIFA World Cup

Matches of 2017 FIFA Confederations Cup and 2018 FIFA World Cup were successfully held in the Krasnodar Region. During the 2018 FIFA World Cup (July, 14-15) the reconstructed Olympic Stadium "Fisht" hosted 6 matches, which were visited by more than 265 thousand visitors, including 65 thousand of foreign tourists. "Fisht" became the most successful stadium of the 2018 FIFA World Cup. During the event, 19 goals were scored (including 7 penalty in the final moments of the match "Russia-Croatia"). Distinguishing characteristic of the "Fisht" is that the stadium is one of the eight in the world hosted Olympic and Paralympic games, FIFA Confederations Cup, and FIFA World Cup.

Moreover, the Krasnodar Region became a home for 6 world's leading football teams. Teams' training areas, located in Sochi, Gelendzhik, and Anapa, were handed over the children's sports school.





## Russian Investment Forum

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.

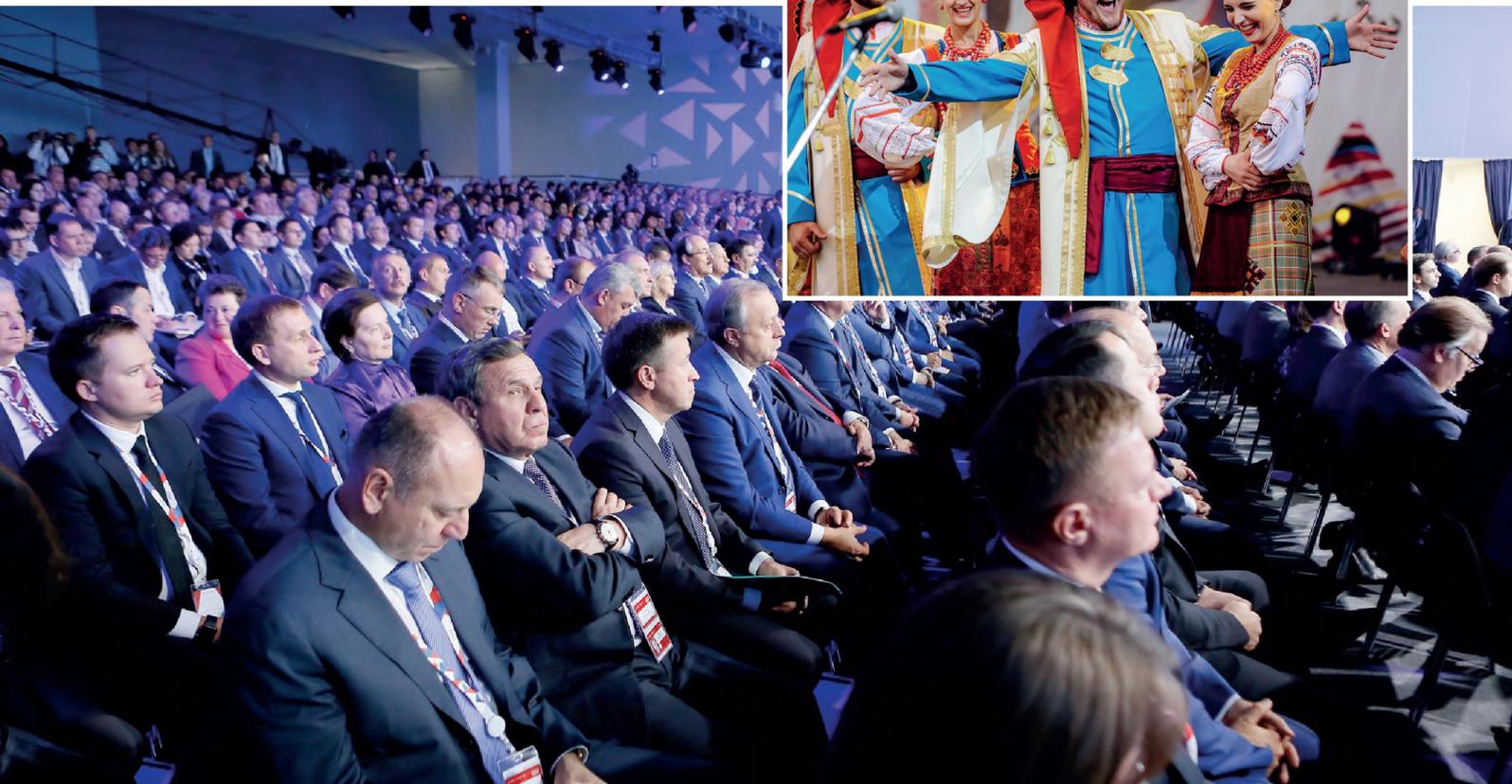
Over 17 years, the forum has become one of the largest international business events in Russia. More than 8,000 people from 65 countries participated in the 2019 Sochi Forum. The Krasnodar Region has signed 228 agreements worth about RUB 300bn.

## State Academic Kuban Cossack Chorus

The State Academic Kuban Cossack Chorus is the oldest and largest national Cossack group. It 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.





### **Ethnographic Center “Ataman Cossack Village”**

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 Temryuisky 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.



### **“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.

### **Ceremony of the honor guard parade of the Hour of Kuban Glory Cossack Army in Krasnodar**

The Hour of Kuban Glory, a beautiful and traditional honor 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 honor of the Kuban Cossack army, a horse group and the Premiere Kuban brass band participate in this exciting event.

### **Wines of Kuban**

The Kuban wine tradition has a long history: from ancient Greeks to the founders of new Russian wine-making, 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.

Krasnodar region has something to be proud of. Each bunch of grapes grown in the Kuban bears the wealth of sun rays, the freshness of the wind, the highlight of the characters of the two seas, the tenderness of fertile soil, the care of hardworking masters and the memory of the history of winemaking in our land.



## Useful Contacts

### **Administration of the Krasnodar Region**

*Veniamin Ivanovich Kondratyev*

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### **Department of Investments and SME development of the Krasnodar Region**

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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.: 8-800-707-07-11

### **Welcome Center**

Platform for the provision of single services for foreign companies in one window

Tel.: 8 (800) 550 50 08

www.welcomecenter.ru, i@welcomecenter.ru

### **Center "My business" in Krasnodar**

provides a range of services aimed at financial, marketing, informational, legal,

patent and licensing support of SMEs

350002, Krasnodar st. Severnaya, 490, office 404

Tel.: 8 (800) 707-07-11

### **Unitary non-profit microfinance organization "Microfinance Fund of small and medium-sized businesses of the Krasnodar Region"**

350911, Krasnodar st. Tramvaynaya, 2/6

Tel.: +7 (861) 298-08-08

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### **Unitary non-profit organization**

#### **"Business Development Fund of the Krasnodar Region"**

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### **JSC "Independent Power Distribution Company of the Krasnodar Region"**

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nesk@nesk.ru

### **PJSC "Kubanenergo"**

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### **Export Support Coordination Center of the Krasnodar Region**

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### **PwC**

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*Fax: +7 (861) 210-55-44*

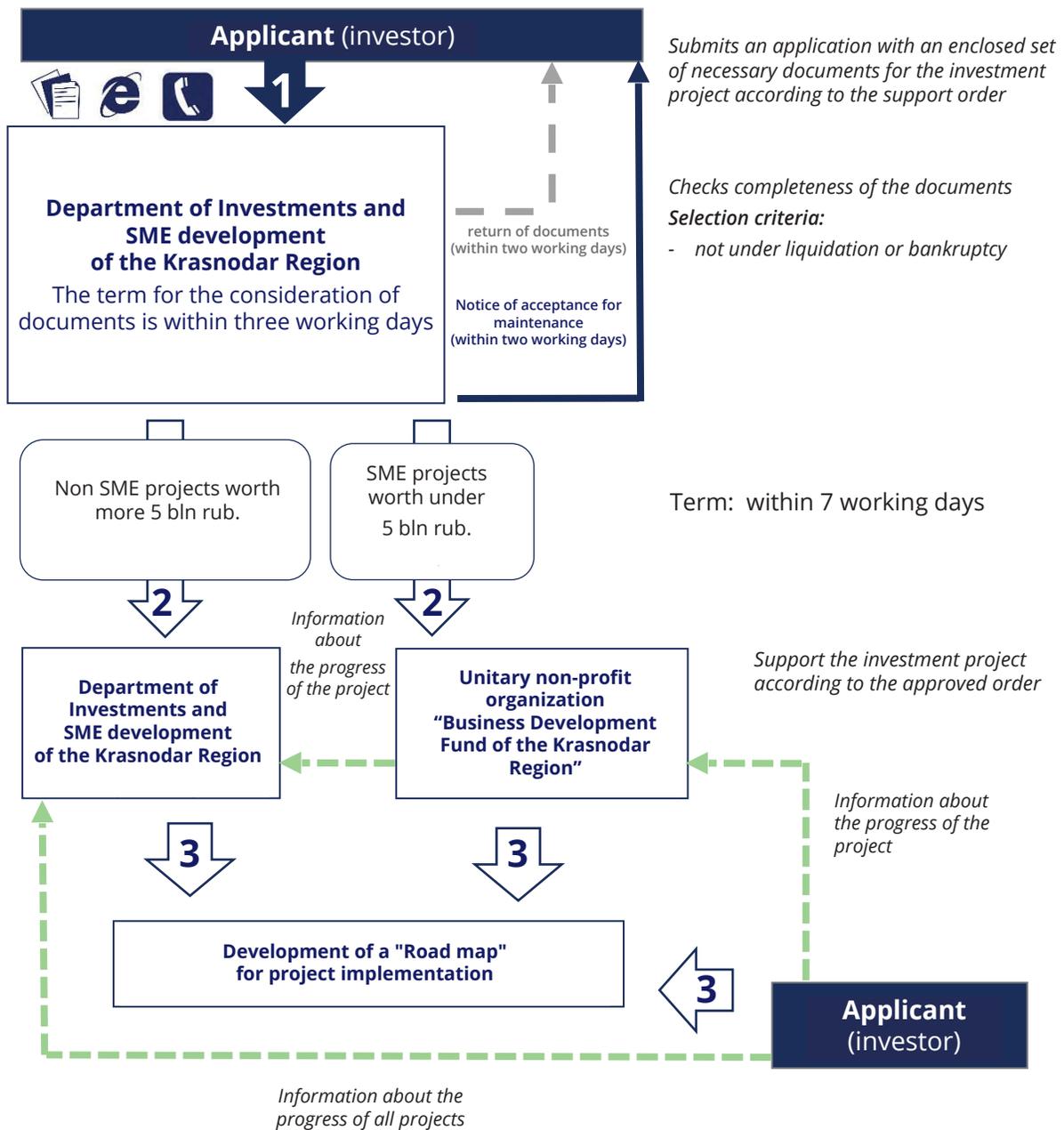
*Head of PwC office in Krasnodar*

*Vyacheslav Solovyev*

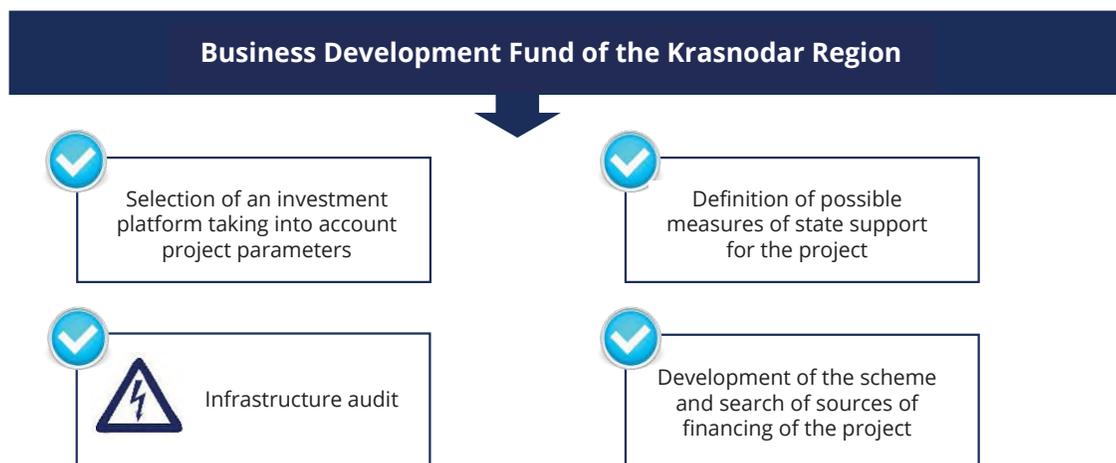
*vyacheslav.solovyev@ru.pwc.com*

# Selecting Investment Projects for State Support

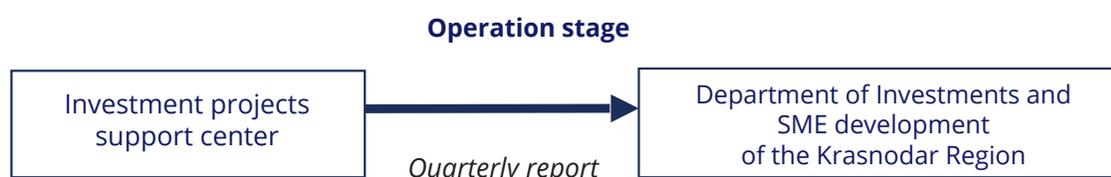
(approved by order of Department of Investments and Development of Small and Medium-sized Enterprises of the Krasnodar Region from 19.07.2016, No. 70, "On Approval of the Procedure for Support of Investment Projects Implemented and/or Planned for Implementation in the Krasnodar Region")



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

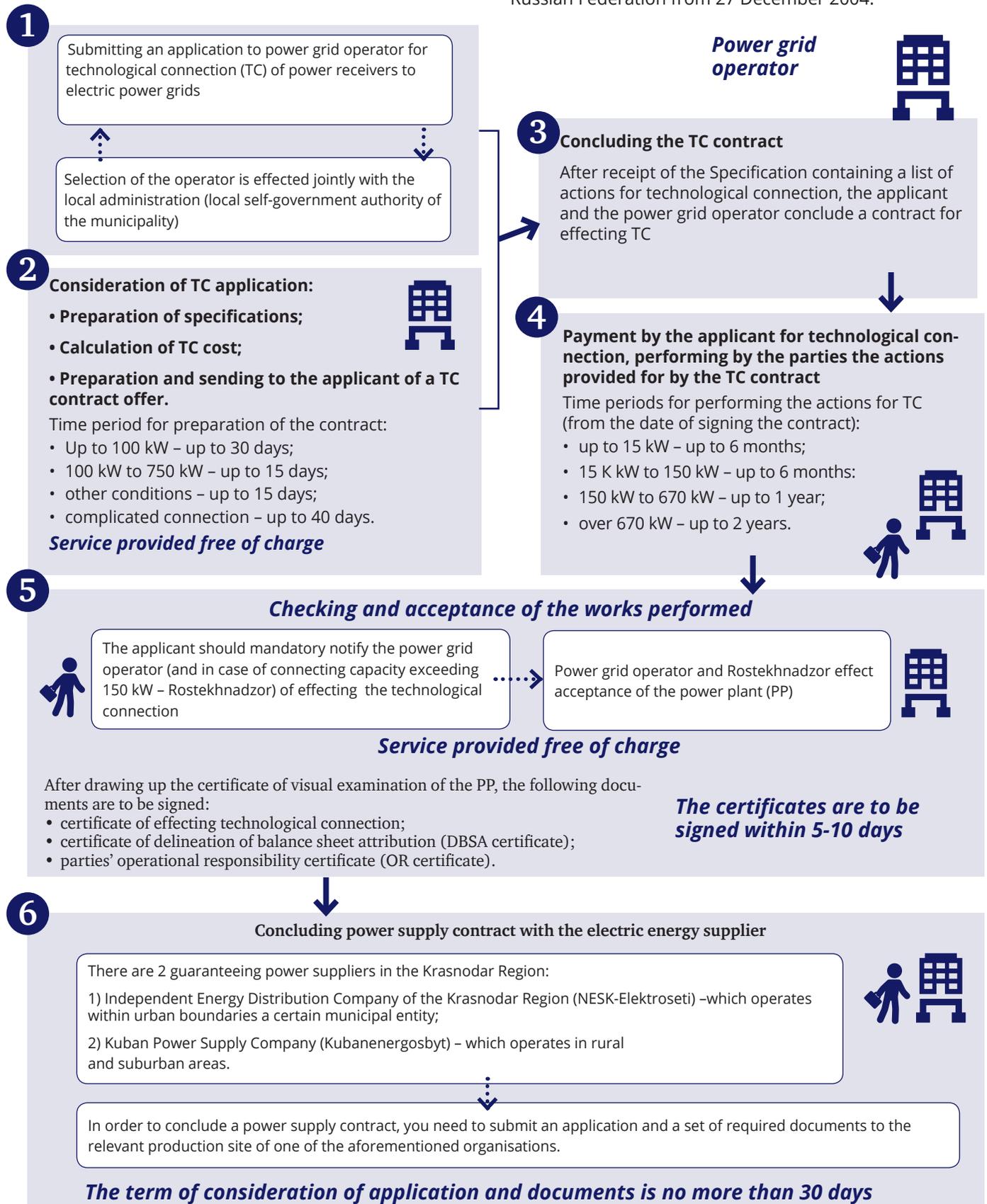


**Investment projects support center**



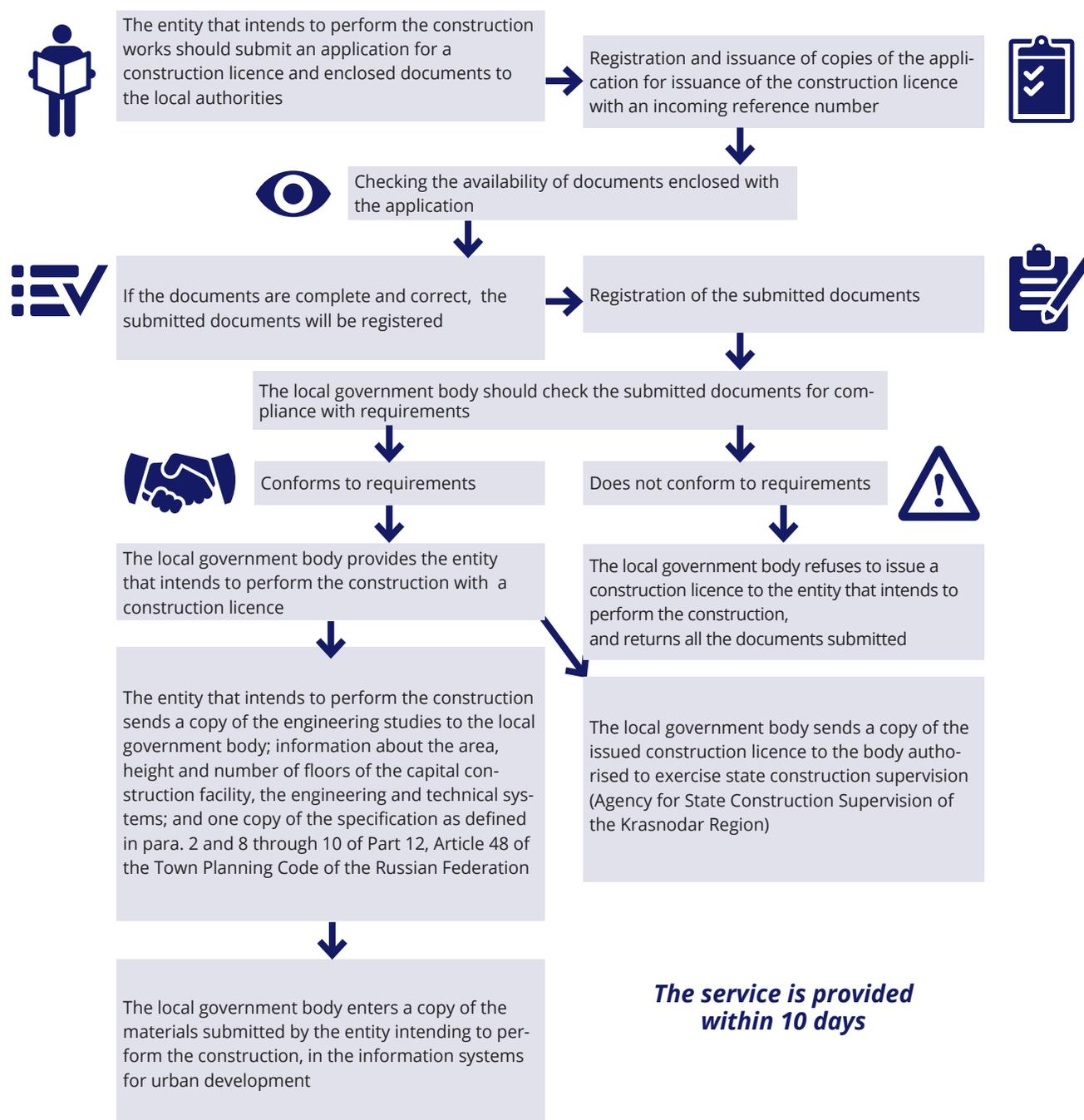
# Technological Connection to Electric Power Grids

Federal Law No. 35-FZ from 26 March 2003 "On power industry" 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).

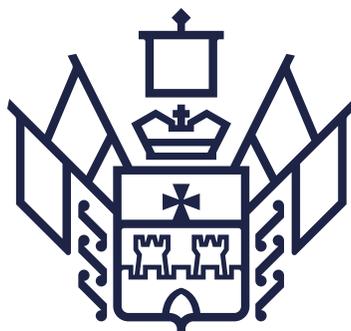


## For notes

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# Krasnodar region