Perm Krai: a place for you to develop
Investor’s Guide 2018

**USD 3.9 billion**
Perm Krai investments in 2017

**USD 16.3 billion**
Perm Krai GRP in 2017

**USD 5 billion**
Perm Krai exports in 2017
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Dear colleagues and partners,

Perm Krai is an intensely developing region.

We have made doing business in Perm Krai easy and beneficial for all types of companies. Dozens of national and international organisations making good progress in the region have already had the chance to appreciate its industrial potential, resource base, transportation accessibility, unique natural environment and rich cultural heritage.

Through Russian history, we have always been a pillar of success and we still stand true to this role today. Perm Krai accounts for the production of 97% of the country’s potash fertilisers, one-third of its optical fibre cable and one-fifth of its paper. Our aircraft engines propel the planes of thousands of planes all over Russia, including that of the Russian President. The more than 120 large enterprises operating in the region provide excellent opportunities for SMEs from various industries to evolve.

Electricity reserves and free capacities make our region an appealing location to set up all types of manufacturing operations. Perm Krai’s highly developed transport logistics are another factor that company success.

Last year, a new airport was commissioned in Perm. Currently, 40 routes are available to serve the interests of the business community. We have also upgraded the road network both in the region to provide better connections with neighbouring regions. We have also launched a number of projects to build industrial parks for existing and potential investors.
Today, Perm Krai is among the leading regions in Russia. Characterised by a mature digital economy, the region has launched a number of high-potential projects to digitalise healthcare, education and industry, as well as to develop smart city services.

Perm Krai is also home to a large consumer market. Around 1.5 million people live in the city of Perm and its environs, while the region’s total population is more than 2.6 million.

And, of course, Perm Krai has always been and remains a large educational and cultural centre. Over 100 years ago, the first university in the Urals was established in Perm. A strong network of educational institutions has enabled Perm Krai to accumulate vast R&D capacity and talent reserves. The whole world knows Perm as the home to Sergey Dyagilev, while the Perm Ballet has been the region’s trademark for more than 90 years.

All these assets are enhanced by a well-developed infrastructure to support investment. We are always open to collaboration with entrepreneurs. That’s why we remain an appealing investment target for Russian and foreign investors and their ambitious ideas and projects.

Welcome to Perm Krai!

We hope that investing in Perm Krai will help you and your company achieve success.

*Governor of Perm Krai*

*M.G. Reshetnikov*
We are happy to present our new project, the *Investor’s Guide to Perm Krai*. This is our latest report in a series of analytical publications on Russia’s most relevant and their investment potential. This edition is PwC’s second publication on Perm Krai (the first was issued in May 2015).

This year, we decided to update the report because, in the winter of 2017, the newly elected governor of Perm Krai, Maksim Reshetnikov, announced plans to launch a number of disruptive projects, including one to develop an IT cluster in the region.

In the aftermath of these political changes, the region is seeking to realise ambitious goals to attract foreign and internal investment. Much work has already been done to improve the region’s investment attractiveness. In particular, this Guide contains descriptions of priority projects looking for investors and a detailed analysis of factors contributing to the region’s business-friendly environment.

More than 140 countries have signed up to be international trade partners with Perm Krai. A favourable investment climate is at the core of many of the successful projects that we highlight in this Guide.
For this edition of the Guide, we have considered such issues as utility connections and energy costs, workforce quality and the local labour market, the accessibility of consumer markets both within and outside Russia, as well as tax incentives and export capacity.

The Guide takes a deep dive into the activities of Perm Krai’s Investment Development Agency and those of other organisations focused on investor and entrepreneur support, including programmes for SMEs.

We hope that this Guide will help investors make an unbiased assessment of the region’s investment potential, competitive advantages and business opportunities.

Partners, Government and Public Sector Leader, PwC Russia

K.M. Nikitin
Six reasons to invest in Perm Krai now

1. Successful experience of Russian and international companies in the region
   • Dozens of recent successful cases of company investments in Perm Krai
   • Leading region for high-tech machinery, construction equipment and chemical products manufacturing

2. Excellent transport accessibility
   • Well-developed logistics infrastructure for all types of transportation (road, railway, air, river) and convenient connections to key transport corridors
   • Quick and convenient access to a large consumer market of more than 40 million people

3. Qualified workforce
   • Economically active population of 1.2 million people
   • Highly qualified workforce, including in industrial manufacturing
   • Well-developed vocational and higher education system that cover training for a wide range of in-demand professions.
Well-developed investment infrastructure and incentives

• Specially designed tax benefits to support different types of investment activity
• Special economic zones called Priority Social and Economic Development Areas (PSEDAs).
• Support from the Investment Development Agency and other institutions that provide services for investors at all investment stages

Ready-to-use investment sites

• Diverse, ready-to-use industrial sites including industrial parks
• Opportunities to select sites tailored to the investor’s individual needs

Convenient connections to power grids and electricity networks

• Convenient connect to utility, power and gas networks
• Short set-up timeframes

2B (RaEx)  
The region’s investment rating in 2017 is medium potential with moderate risk, which places it 13th among Russian regions in terms of investment potential.

AA-(RU) (ACRA)  
The region’s 2017 credit rating by national scale is AA-(RU), a high level of creditworthiness with a stable outlook.

Ranked 6th (PPP National Centre)  
Perm Krai is ranked 6th among Russian regions in terms of public-private partnership maturity for 2017-2018.
1 Success stories

Major companies and brands have achieved success in Perm Krai

Key financial indicators for Perm-based companies

**Production**

- **USD 3.1 billion**
  - total profits for entities operating in Perm Krai in 2017
- **20%**
  - of Russia’s paper production volume
- **20%**
  - of the world’s production of potash fertilisers
- **1.5%**
  - of global methanol production

**Export**

- **>140**
  - countries work with Perm Krai companies
- **USD 5.0 billion**
  - Perm Krai export volume in 2017
- **USD 2.9 billion**
  - of chemical product exports
- **USD 1.3 billion**
  - of mineral products export
Why Perm Krai? Why Perm? We have always seen this site as a strategic one. Perm Krai is a large transportation hub and being here means being closer to the entire consumer market. No less important is the creation of favourable investment conditions in the area.

Source: interview
https://www.newsko.ru/articles/nk-3214992.html

Henkel has worked in the Russian market since 1990, when its first joint venture, SOVHENK, was established in the town of Engels. In 2015, the company celebrated the 25th anniversary of its Russian operations. Today, Henkel Russia has nine enterprises in the cities of Chelyabinsk, Engels, Kolomna, Nevinnomyssk, Noginsk, Novosibirsk, Perm, Tosno and Ulyanovsk.

Henkel started its operations in Perm Krai in 2000 after purchasing a controlling stake in OAO Pemos. Henkel’s Perm plant is one of the largest synthetic detergent manufacturing sites in Russia.

The company’s experts assess Perm Krai’s retail potential as high...
Perm is one of our top five most appealing cities.


IMMOCHAN is present in more than 12 countries. The company operates more than 400 shopping malls in Europe and Asia and is a leader in the commercial real estate sector.

The first Auchan store opened in Perm Krai in 2015. Currently, the company is looking for a site to build a new shopping and leisure centre in Perm.

*The company is part of Auchan Holding
The region’s investment climate has been the cornerstone for many successful projects.

50+ projects planned for the processing industry, mining and infrastructure development

USD 10.6 billion total amount of investments under all planned projects by 2030

USD 15.8 million volume of public interest in the largest PPP project on concession migration of water supply and wastewater disposal facilities in the town of Berezniki

USD 47.8 million volume of non-state funding for construction of a new bridge over the Chusovaya River and for the construction and repair of adjacent road sections.

* The number inside the circle refers to the project number on page 13.
### Special investment contracts

<table>
<thead>
<tr>
<th>No.</th>
<th>Project Description</th>
<th>Responsible Party</th>
<th>Location</th>
<th>Value (£ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Establishment of the Usolskiy Potash Plant for industrial manufacturing and construction of a residential block in the town of Berezniki</td>
<td>OOO EuroChem-Usolskiy Kaliyny Kombinat</td>
<td>Berezniki</td>
<td>USD 1.9 billion</td>
</tr>
<tr>
<td>2</td>
<td>Construction of a plant to produce ammonia, carbamide and melamine</td>
<td>PAO Metafrax</td>
<td>Gubakha</td>
<td>USD 946 million</td>
</tr>
<tr>
<td>3</td>
<td>A new production line to manufacture potassium chloride at Berezniki Potash Mining Administration No. 4</td>
<td>PAO Uralkali</td>
<td>Berezniki</td>
<td>USD 483 million</td>
</tr>
<tr>
<td>4</td>
<td>Establishment of a batch production facility to manufacture RD-191 and other high potential liquid jet engines</td>
<td>PAO Proton – Perm Engines</td>
<td>Perm</td>
<td>USD 316 million</td>
</tr>
<tr>
<td>5</td>
<td>Establishment of a sheet-rolling unit for industrial manufacturing of rolled products with polymer coating and cold-roll mill products</td>
<td>ZAO Lysvensky Metals Plant</td>
<td>Lysva</td>
<td>USD 266 million</td>
</tr>
<tr>
<td>6</td>
<td>Establishment of a new facility for diocetylphthalate production at the AO Sibur Khimprom plant</td>
<td>AO Sibur Khimprom</td>
<td>Perm</td>
<td>USD 112 million</td>
</tr>
<tr>
<td>7</td>
<td>Establishment of chloride and potassium hydroxide electromembrane production process</td>
<td>OOO Soda-Chlorate</td>
<td>Berezniki</td>
<td>USD 75 million</td>
</tr>
<tr>
<td>8</td>
<td>Establishment of a plant to manufacture pipeline fittings</td>
<td>OAO New Fitting Technologies</td>
<td>Chaykovsky</td>
<td>USD 72 million</td>
</tr>
</tbody>
</table>

### Priority investment projects

<table>
<thead>
<tr>
<th>No.</th>
<th>Project Description</th>
<th>Responsible Party</th>
<th>Location</th>
<th>Value (£ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Exploration of the Talitsk section of the Verkhneamaskoye deposit of potassium and magnesium salts</td>
<td>ZAO Verkhneamask Potash Company</td>
<td>Berezniki</td>
<td>USD 1.6 billion</td>
</tr>
<tr>
<td>2</td>
<td>Construction of a modern residential block on the right bank of the town of Berezniki</td>
<td>OAO Corporation for the Development of Perm Krai</td>
<td>Berezniki</td>
<td>USD 186 million</td>
</tr>
<tr>
<td>3</td>
<td>Construction of a light petroleum products loading trestle</td>
<td>OOO LUKOIL-Permnefteorgsintez</td>
<td>Perm</td>
<td>USD 86 million</td>
</tr>
</tbody>
</table>
**Made in Perm Krai**

**High-tech products:**

**UEC Aviadvigatel Design Bureau** is the head designer of a family of fifth-generation engines for MC-21 short/medium haul aircraft and industrial gas turbine units.

**Promobot** is the largest producer of autonomous service robots in Russia, Northern and Eastern Europe. The robot is designed to work in highly manned areas and helps people navigate through via integration with external systems and devices.

Since the 2000s, Perm companies operating in photonics have developed multiple production facilities to manufacture various types of fibre, lithium niobate crystal-based optical integrated circuits, fibre-optics lasers and fibre-optics gyroscopes. Other innovative Perm enterprises have sprung in their wake.
**Chemicals:**

**Uralkali** and **EuroChem** are leading vertically integrated global potassium producers that operate in Perm Krai. **Uralkali** accounts for around 20% of global potash fertiliser production and has its head office in Berezniki.

**METAFRAX** is one of the most dynamic chemical enterprises in modern Russia and the largest producer of methanol and its derivatives.

**URALCHEM** is one of the largest companies in the mineral fertiliser market in Russia, the CIS and Eastern Europe (Russia’s second largest nitrogen fertiliser producer).

**OOO LUKOIL-Permnefteorgsintez** is a major Russian high-tech oil refinery. It is a 100% subsidiary of PAO LUKOIL.
**Geographical location**

- **St Petersburg**
  - 2.5 hours (direct flight)
  - 24 hours
  - 25 hours (2,000 km)

- **Kazan**
  - 1 hour (direct flight)
  - 14 hours
  - 9 hours (670 km)

- **Ufa**
  - 6 hours
  - 1 stop-over in Moscow
  - No direct trains
  - 6.5 hours (480 km)

- **Moscow**
  - 2 hours (direct flight)
  - 20 hours
  - 19 hours (1,400 km)

- **Ekaterinburg**
  - 7 hours
  - 1 stop-over in Moscow
  - 5.5 hours
  - 5.5 hours (360 km)

- **Northwestern Federal District**
  - 7.5
  - 11%

- **Volga Federal District**
  - 12.4
  - 29%

- **Urals Federal District**
  - 6.6
  - 18%

- **Central Federal District**
  - 25.2

- **Frankfurt, Germany**
  - 8 hours
  - 1 stop-over in Moscow

- **Beijing, China**
  - 11 hours
  - 1 stop-over in Moscow

- **Shanghai, China**
  - 12 hours
  - 1 stop-over in Moscow

- **Tokyo, Japan**
  - 15 hours
  - 1 stop-over in Moscow

- **Astana, Kazakhstan**
  - 9 hours
  - 1 stop-over in Moscow

- **Dubai, UAE**
  - 9 hours
  - 1 stop-over in Moscow

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- **USD XXX billion per month** – total average income in the federal district per month
- **xx%** – share of industrial manufacturing of the federal district in the country’s total output

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- **No direct trains**
  - 6.5 hours (480 km)

- **5.5 hours**
  - 5.5 hours (360 km)

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- **St Petersburg**
- **Kazan**
- **Ufa**
- **Moscow**
- **Ekaterinburg**
- **Northwestern Federal District**
- **Volga Federal District**
- **Urals Federal District**
- **Central Federal District**
- **Frankfurt, Germany**
- **Beijing, China**
- **Shanghai, China**
- **Tokyo, Japan**
- **Astana, Kazakhstan**
- **Dubai, UAE**
Within 1,000 km of Perm is a large consumer market, access to which is facilitated by a highly developed transport infrastructure

Perm Krai population

2,623,122 people

Perm Krai population

Volga Federal District population

29,542,696 people

Within a 600 km range of Perm

26 million permanent residents

The region has direct access to the Trans-Siberian Railway with a large railway hub in Perm. In 2017, a total of 43.6 million tonnes were shipped by common carrier railway transportation.

Per month spent by local people on consumer goods and services

USD 9.1 billion

5 cities with a million-plus population

The region’s river routes are 1,992 km long and provide access to the Baltic Sea, White Sea, Black Sea, Sea of Azov, and the Caspian Sea via the Perm Cargo Port, the Chaykovsky River Port and the Berezniki Port.

Within a 1,000 km range of Perm

47 million permanent residents

Perm Krai is dotted with busy transportation corridors linking the region to other key parts of Russia:

• The M7 Volga federal highway and the P243 Kostroma-Kirov-Perm highway connect to the Volga region and Central Russia.

• The P242 Perm-Yekaterinburg federal highway connects Perm to the Urals.

• The Northern Latitudinal Corridor Nevel-Vologda-Perm-Khanty-Mansiisk-Tomsk-Kemerovo connects Perm Krai to Russia’s fastest developing areas and ensure the shortest cargo shipment route.

7 cities with a million-plus population

USD 16.3 billion

Per month spend local people on consumer goods and services

Perm International Airport can accommodate aircraft of all classes, including the Boeing 747-400ER.

In 2017, a modern airport terminal was unveiled at the Perm International Airport to facilitate convenient air travel to other Russian cities and abroad.
Today, Perm Krai is home to a highly trained workforce; the region’s higher education system is helping to expand the number of professionals for in-demand jobs.

1,280,000 people
Size of economically active population in Perm Krai

The structure and number of employed people in Perm Krai by type of economic activity

Perm Krai salaries and wages are lower than in other Russian regions and are comparable to Volga Federal District regions

Average monthly salary:

- USD 694 Russia
- USD 565 Perm Krai
- USD 505 Volga Federal District
- USD 717 Urals Federal District
Higher education

29 universities

3 national research universities (Perm State University, Perm National Research Polytechnic University, Higher School of Economics)

3,158 foreign students study in Perm Krai

6 research centres under the Urals Branch of the Russian Academy of Sciences

16,000 university graduates in 250 major areas of study

Specialised chairs

Six basic specialised chairs focused on the needs of key high-tech enterprises in the following areas are functioning in the region’s universities:

- Aircraft engine manufacturing;
- Rocketry;
- Heavy machinery for the power industry;
- Polymer materials and powders;
- Oil and gas engineering;
- Photonics.

Dual education system

Perm Krai has a dual education system combining theory classes at educational facilities and field practice for future engineers and workers at real manufacturing facilities.

Secondary vocational education

79 secondary vocational education institutions

14,200 graduates from secondary vocational education institutions majoring in 141 areas of study and 80 professions

Students distribution by field of study

- Machine building: 19%
- Transportation: 16%
- Agriculture, forestry and fishing: 13%
- Economics and management: 12%
- Construction: 11%
- Public health: 10%
- Education: 8%
- Service and tourism: 6%
- Chemical engineering: 3%
Perm Krai is the leading region in terms of tax benefits in Russia*

Effective tax rates in Perm Krai are much lower than the Russia average:

- income tax: **14.46% in Perm Krai, 16.58% average in Russia**
- property tax: **1.73% in Perm Krai, 1.91% average in Russia**

### Income tax

<table>
<thead>
<tr>
<th>Benefits effective in Perm Krai</th>
<th>Value added tax (VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard rates across Russia</strong></td>
<td><strong>Exempted from VAT:</strong></td>
</tr>
<tr>
<td>20%</td>
<td>- software developers</td>
</tr>
<tr>
<td></td>
<td>- financial sector (banks, depositories, etc.)</td>
</tr>
<tr>
<td></td>
<td>- R&amp;D commissioned by state authorities</td>
</tr>
<tr>
<td><strong>Tax benefits effective in Perm Krai</strong></td>
<td><strong>on export operations</strong></td>
</tr>
<tr>
<td><strong>up to 16.5%</strong></td>
<td>0%</td>
</tr>
<tr>
<td>on investments in new manufacturing</td>
<td>for producers of:</td>
</tr>
<tr>
<td></td>
<td>- food products</td>
</tr>
<tr>
<td></td>
<td>- children’s goods (clothes, toys, etc.)</td>
</tr>
<tr>
<td></td>
<td>- medical products (pharmaceuticals, equipment)</td>
</tr>
<tr>
<td><strong>15.5%</strong></td>
<td>10%</td>
</tr>
<tr>
<td>for residents of technological and industrial parks</td>
<td><strong>Benefits for residents of special economic zones, effective for</strong></td>
</tr>
<tr>
<td><strong>5%</strong></td>
<td></td>
</tr>
</tbody>
</table>

*with respect to the volume of regional tax incentives against tax revenues in the region’s budget (according to data from the Russian Federal Tax Service)
For most industries, the income tax burden in Perm Krai is significantly lower than the Russian average:

- 22.7 times lower for petroleum products
- 6.2 times lower for cellulose production
- 1.9 times lower for hotels and food service
- 1.6 times lower for chemical production
- 1.4 times lower for agriculture

A whole range of tax instruments for investor support (including IT solutions) is available.

<table>
<thead>
<tr>
<th>Property tax</th>
<th>Personal income tax</th>
<th>Insurance contributions from payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2%</td>
<td>13%</td>
<td>30%</td>
</tr>
<tr>
<td>0.6%</td>
<td>during the first year of use of new property</td>
<td></td>
</tr>
<tr>
<td>1.1%</td>
<td>during the second and third years of use of new property</td>
<td></td>
</tr>
<tr>
<td>0%</td>
<td>on investments in new production</td>
<td></td>
</tr>
<tr>
<td>1.1%</td>
<td>for residents of technology and industrial parks</td>
<td></td>
</tr>
<tr>
<td>0%</td>
<td>for agricultural producers</td>
<td></td>
</tr>
<tr>
<td>0%</td>
<td>for R&amp;D organisations</td>
<td></td>
</tr>
</tbody>
</table>

For residents of the Chusovaya and Nytva PSEDAs

<table>
<thead>
<tr>
<th></th>
<th>0%</th>
<th>7.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentives for investors in new hotel construction and renovation of cultural heritage sites are scheduled for introduction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Regional investor support institutions

Investment Development Agency

The Investment Development Agency is a support institution established by the Perm Krai Government under instructions from Governor Maksim Reshetnikov to ensure a convenient investment environment in the region.

The Agency’s team guarantees investment project support as a one-stop shop service throughout all project implementation stages.

Comprehensive informational, advisory and administrative project support is provided by the Agency free of charge, including:

- Selecting optimal sites, conditions and support measures to localise your business in Perm Krai
- Organising negotiations with the region’s senior administrators and authorities
- Ensuring cooperation with utility providers and public authorities to the maximum possible extent

For those who need real-time information about the launch of new investment projects in Perm Krai, the investment portal www.investinperm.ru was created.

The Agency’s team would like to invite you (at your convenience) to a presentation on the region’s opportunities and a discussion of potential new investments in Perm Krai.

Existing support measures

- Preferential financing
  - Cheaper than bank financing
- Industrial parks, technology parks
  - Income tax 13.5%
- Leasing
  - 1%+ withheld annually
- Tax benefits
  - Taxes 0%+
- Venture investments and grants
  - Start-up support from scratch
- Investment site selection
  - Starting from 1 rouble per hectare
- Technical connection
  - In the shortest time possible
- Investment project support
  - Investor’s one-stop shop
- Small and medium businesses
  - Help for companies that lack collateral for loans
Investor and entrepreneur support is available for all investment project stages

1. Regional Industry Development Fund

   **Services:**
   - Issuing loans, providing financial and other support to industrial organisations
   - Providing advisory, informational and marketing services in industrial, R&D and technology and innovation support
   - Assisting in implementation of projects and initiatives aimed at improving the image of industrial entities

   **Contacts:**
   - Office 201, 53 ulitsa Petropavlovskaya, Perm
   - +7 (342) 258 0711
   - frpperm.ru

2. Corporation for SME Development in Perm Krai

   **Services:**
   - Providing surety for liabilities (loans, borrowings, lease agreements) of SMEs and SME support infrastructure organisations

   **Contacts:**
   - Floor 2, A, 12 ulitsa Monastyrskaya, Perm
   - +7 (342) 217 9770
   - pgf-perm.ru

3. Export Support Centre

   **Services:**
   - Providing advice on foreign economic activities, transfers, marketing and patenting research, protection of intellectual property, business partner hunting, travel support, official meetings, participation in exhibitions

   **Contacts:**
   - 69 ulitsa Nikolaya Ostrovskogo, Perm
   - +7 (342) 201 2110
   - perm-export.ru

4. Regional Engineering Centre

   **Services:**
   - Industrial digital modelling and development of design documentation
   - Improving performance
   - Assisting industrial cooperation
   - Prototyping and developing industrial design

   **Contacts:**
   - 69 ulitsa Nikolaya Ostrovskogo, Perm
   - +7 (342) 201 2110
   - rce-perm.ru

5. Perm Chamber of Commerce and Industry

   **Services:**
   - Assisting in finding business partners and expanding distribution markets
   - Coordinating training of professional staff
   - Improving cooperation between entrepreneurs and public officials
   - Improving business sustainability and protection

   **Contacts:**
   - 24б ulitsa Sovetskaya, Perm
   - +7 (342) 235 7848
   - permtp.ru

6. Perm Krai Entrepreneurship Support Centre

   **Services:**
   - Providing training and advisory services to SMEs

   **Contacts:**
   - Entrepreneurship Support Centre has offices in many towns in the region
   - 8 (800) 300 8090
   - цпп-пермь.рф

7. Perm Krai Microfinance Company

   **Services:**
   - SME lending

   **Contacts:**
   - 12 ulitsa Monastyrskaya, Perm
   - +7 (342) 211 0511
   - pcrp.ru

8. Ministry of Economic Development and Investment of Perm Krai

   **Services:**
   - Providing administrative one-stop shop support for investment projects
   - Selecting an investment site and providing land plots without bidding
   - Providing tax benefits
   - Signing special investment contracts
   - Providing state support in agricultural development and sustainability of agricultural areas

   **Contacts:**
   - 14 ulitsa Kubysheva, Perm
   - +7 (342) 211 7032
   - economy.permkrai.ru
Ready-to-use sites to start your project, including industrial platforms and technology parks, are available at investinperm.ru

**Ustinovo Industrial Park**
*Area:* 169 hectares

*Technology park infrastructure:*
- Connected to rail and road networks (3.5 km from the E22 Perm-Ekaterinburg Federal Highway, Osentsy Railway Station)
- Utility and energy networks: gas, water, electricity
- Scheduled for construction: private railway tracks leading up to the plant, street-road network, internal power grid infrastructure, gas pipelines to residents’ land plots, water supply and wastewater disposal facilities, communication networks

According to the area’s general development zoning plan, the park is designated as an industrial and residential zone for placement of II-V hazard class enterprises including public and business use buildings. The park’s territory is not encumbered by any property rights

**Perm Technology Park**
*Area:* 7,500 square metres

*Technology park infrastructure:*
- Socialising areas
- Service centre
- Cafe and restaurant
- Vending machines
- Outdoor activity area
- Parking spaces for 700 cars and a bicycle parking lot

*Business services offered by the technology park:*
- Access to the park’s investors and partnership networks in Russia and abroad
- Preparation and support of grant requests and patenting procedures
- Information support of residential projects
- Industry-specific events

The technology park features centres of excellence in the following fields: robotics and artificial intelligence, telecommunications, virtual reality, innovative manufacturing, financial technology and blockchain.

**Morion Business Park**
*Area:* 107,000 square metres

*Lease offering:*
- Office space
- Commercial space
- Storage facilities
- Production premises

The business park has many buildings of various types and a large territory with flexible layout options.
6 industrial clusters operate in Perm Krai

Pharmaceutika

The first pharmaceutical cluster to be registered with the Russian Ministry of Industry and Trade. The cluster includes 18 entities.

Anchor enterprises include ZAO Medisorb and OOO Perm Chemical Company. The cluster also includes four higher education institutions (classical university, polytechnic university, medical university and pharmaceutical academy).

Prikamye Composites

This is a cluster of enterprises and entities in Perm operating in design and manufacturing of industrial equipment for import substitution with the use of composite materials.

The cluster includes OOO TST, AO PZ Mash, OOO RTTs-Prom, OOO PSK Renaissance, OOO Allterm, OOO NTTs Turbopnevmatik, OOO Oktaform, PAO NPO Iskra and OOO NPF Teploenergoprom.

Special-purpose agricultural machinery

The cluster focuses on manufacturing high performance agricultural machinery.

The cluster’s anchor enterprises are OOO Krasnokamsky RMZ, OOO Navigator-NM, OOO Tekhnograd and OOO Bolshaya Zemlya. Apart from these companies, the cluster harbours 20 spare parts suppliers and three higher education institutions (the Professional Development and Additional Vocational Training Institute Regional Cross-Industry Professional Training Centre, the Perm National Research Polytechnic University and the Pryanianishnikov Perm State Agricultural Academy).

The Perm Cluster is the third agriculture and machinery cluster in Russia supported by the Russian Ministry of Industry and Trade.

IT Cluster

Perm Krai is among the ten leading IT-advanced regions in Russia. Around 1,700 IT enterprises operate in the regions, including 100 large and medium-sized companies that have created jobs for 14,000 IT specialists.

The cluster includes over 70 Perm IT companies, with AO ER-Telecom Holding being the largest player.

Novy Zvezdny (New Star) Technopolis

The Novy Zvezdny Technopolis includes OAO Proton PM and OAO UEC Perm Engines’ production capacities. The cluster focuses on rocket and aircraft engine manufacturing and high-tech power machine building products.

Leading research and educational institutions of the region are central to the cluster.

Photonika

Photonika is Perm’s innovative territorial cluster for fibre-optic technologies, with more than 40 organisations.

The cluster’s anchor participants are OOO Inkab, OAO PNPPK, PAO Rostelecom, AO UEC Aviadvigatel, OOO Inversia-sensor, OOO PNPPK-Elektron-Contract and OOO PNPPK Morskaya Elektronika.
Electricity prices for enterprises in Perm Krai are lower than in the neighbouring regions. This makes establishing your enterprise in Perm Krai even more advantageous.

Per Krai generates a surplus of power. Around 22% of the 31 billion kWh of electricity produced in Perm Krai in 2017 was sent to neighbouring regions.

Per Krai’s energy sector includes the Kamskaya and Votkinskaya dams on the Kama River and the Shirokovskaya damn on the Kosva River, enabling the generation of clean energy at competitive prices. The regions water resources enable the development of distributed hydropower solutions.

### Electricity prices, USD/kWh

<table>
<thead>
<tr>
<th>Region</th>
<th>Price (USD/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moscow Region</td>
<td>0.042</td>
</tr>
<tr>
<td>Republic of Tatarstan</td>
<td>0.04</td>
</tr>
<tr>
<td>Republic of Bashkortostan</td>
<td>0.039</td>
</tr>
<tr>
<td>Perm Krai</td>
<td>0.037</td>
</tr>
<tr>
<td>Sverdlovsk Region</td>
<td>0.035</td>
</tr>
</tbody>
</table>
Perm Krai has a well-developed gas transportation infrastructure that allows local production facilities to utilise gas resources efficiently.

**Gas supply**

According to the integral resource cost index,* the average cost of core production resources in Perm Krai is lower than in neighbouring regions and 20% lower than in Moscow Region.

**Integral resource cost index**

<table>
<thead>
<tr>
<th>Region</th>
<th>Salary</th>
<th>Electricity</th>
<th>Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moscow Region</td>
<td>2.8</td>
<td>2.94</td>
<td>2.87</td>
</tr>
<tr>
<td>Republic of Tatarstan</td>
<td>0.92</td>
<td>0.98</td>
<td>0.86</td>
</tr>
<tr>
<td>Republic of Bashkortostan</td>
<td>0.96</td>
<td>1.02</td>
<td>0.99</td>
</tr>
<tr>
<td>Sverdlovsk Region</td>
<td>0.93</td>
<td>0.95</td>
<td>1.00</td>
</tr>
<tr>
<td>Perm Krai</td>
<td>0.93</td>
<td>1.02</td>
<td>1.00</td>
</tr>
</tbody>
</table>

* Integral index is a sum of indices calculated for each production resource category in benchmarked regions. Each index indicates deviation from the average value of the indicator.

<table>
<thead>
<tr>
<th>Gas price</th>
<th>USD/thousand cubic metres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moscow</td>
<td>74.04</td>
</tr>
<tr>
<td>Region</td>
<td>81.44</td>
</tr>
<tr>
<td>Republic</td>
<td>65.3</td>
</tr>
<tr>
<td>of Tatarstan</td>
<td>71.85</td>
</tr>
<tr>
<td>Republic</td>
<td>64.37</td>
</tr>
<tr>
<td>of Bashkortostan</td>
<td>70.8</td>
</tr>
<tr>
<td>Sverdlovsk Region</td>
<td>61.77</td>
</tr>
<tr>
<td>Perm Krai</td>
<td>61.77</td>
</tr>
</tbody>
</table>

Used as the minimum threshold, USD/1,000 cubic metres (VAT exclusive)

Used as the maximum threshold, USD/1,000 cubic metres (VAT exclusive)
## Priority investment areas

<table>
<thead>
<tr>
<th>Industrial manufacturing</th>
<th>Pharmaceuticals production</th>
<th>Medium and small tonnage chemicals production</th>
<th>Food production</th>
<th>Production of construction materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial products manufacturing and localisation</td>
<td>• High growth in pharmaceuticals consumption</td>
<td>• High transportation accessibility of the region</td>
<td>• Raw materials</td>
<td>• Raw materials</td>
</tr>
<tr>
<td>Assembly production</td>
<td>• Highly skilled talent and competencies</td>
<td>• Existing petrochemical potential including availability of qualified talent and R&amp;D support</td>
<td>• Large internal and external market</td>
<td>• Large internal and external market</td>
</tr>
<tr>
<td>FMCG production</td>
<td>• Chemical producers</td>
<td>• Potential consumers around which industrial parks focused on pharmaceuticals, electronics, paints and lacquer production, etc., could be created.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Digital economy

- Headquarters of the second largest broadband internet access provider
- Technology parks with an area of over 100,000 square metres
- Related Perm IT start-up success stories
- Russia’s only photonics cluster
- Venture investors

Development

- Congress centre
- Water park
- Retail parks
- Hotels

- Number of hotel rooms managed by international operators is three times lower than the market size
- Construction potential of at least 200,000 square metres of commercial real estate
- Russia’s only city with a million-plus population without a water park
- Lack of a venue for regional forums and festivals

Agribusiness

- Meat processing
- Wild crop harvesting, packaging and deep processing
- Cheese and dairy products
- Mushroom cultivation

- Available wild-growing and cultivated agricultural raw materials
- A wide fodder base for cattle
- Additional industry-specific benefits
- Large internal and external market
Exporting capabilities

The Perm Krai Government is engaged in expanding foreign trade relations in the region

Perm Krai has high potential for export development

USD 5.0 billion
Perm Krai export volume in 2017
Perm Krai is ranked 14th among Russian regions in terms of export volume

Main exported products of the region
• Chemical products
• Mineral products
• Wood processing products

Given its geographical proximity, Europe is the main export destination and accounts for 36% of exported goods.
Other major export destinations include Brazil, China, India, the Netherlands and the US.

Export support
The region runs various initiatives to stimulate foreign economic activities.

In 2017, the Russian Ministry of Economic Development and the Perm Krai Government supported establishment of the Export Support Centre (perm-export.ru).

Services provided by the Centre include:
• advisory services
• translation support (including website upgrading)
• marketing research
• intellectual property protection support
• foreign partners search support

Contact details:
Address: 69 ulitsa Nikolaya Ostrovskogo, Perm
Telephone: +7 (342) 208 7755
E-mail info@perm-export.ru

Main exported products of the region
• Chemical products
• Mineral products
• Wood processing products

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**Perm Krai business infrastructure**

40 business centres operate in Perm as of 2017

**Total area of leased-out commercial real estate in Perm: 96,000 square metres**

**Total area of leased-out office space in Perm: 43,000 square metres**

**Since 2010, the number of hotels in Perm Krai has increased by 54%**

**Major business centres in Perm**
- Green Plaza BC – Class A
- Lencom BC – Class A
- Slavyanovsky Plaza BC – Class A
- Lunacharsky BC – Class B+
- Lyubimov BC – Class B
- Sinitza BC – Class B
- Residence BC – Class B

**Major exhibition centres in Perm**
- Permskaya Yarmarka
- AMAKS Hotel’s Conference Hall – 3*
- Perm Centre’s LIKE Conference Hall
- City Star Hotel’s Conference Hall – 3.5*
- Aptekarsky Dvor Conference Hall
- Shpagin Factory Culture Centre

**Major hotel operators in the region**
- Zhemchuzhina Perm (The Pearl of Perm) (will become part of the Holiday Inn network soon) – 4*
- Four Elements – 4*
- Ural – 3*
- City Star – 3*
- AMAKS Premier Hotel – 3*
- Prikamye – 3*
Numerous cultural heritage sites and festivals attract ...

Belogorsk St Nicholas Orthodox Monastery
The convent’s foundation was laid in the 19th century and construction was completed in 1894. The convent runs a school that teaches children liturgical singing and different arts and crafts. Damaged significantly in the 20th century, restoration work started in 1988 and continued for more than 20 years.

Kungur Ice Cave
Kungur is located at the intersection of three roads, the Solikamsk Highway, the Siberian Way (Trakt) and the Trans-Siberian Railway. On the outskirts of the city is one of the largest caves in Russia—and the seventh longest gypsum cave in the world.

The cave passages stretch for 5.7 km and hold 48 grottos and 70 lakes. Around 1.5 kilometres of the cave open to tourists.

Tchaikovsky Opera and Ballet Theatre
Founded in 1870, the theatre is well-known in Russia and abroad for its distinctive performances. The theatre's ballet company is one of the most popular in Russia and performs on tours abroad under the Tchaikovsky Ballet brand. The theatre is led by the famous Greek-Russian conductor, musician and actor Teodor Currentzis, who takes part in concert programmes with leading Russian and international opera theatres and philharmonic halls.

Perm Krai boasts of more than 3,000 cultural heritage sites

Khokhlovka Architectural and Ethnographic Museum
Khokhlovka is the first open air architectural and ethnographic museum of wooden construction in the Urals. The museum was launched in 1969 and opened its doors to the public in September 1980.

It stretches across 43 hectares of land and hosts a collection of the most attractive, interesting and historically significant structures from across Perm Krai.

The Urals Sky Fair is an annual hot air balloons festival that has been held in Kungur since 2002.

The Festival lasts for a week and is one of the most-attended events in Perm Krai attracting more than 50,000 participants and guests each year.
...a large tourist flow from abroad and other parts of Russia

652,764 tourists visited Perm Krai in 2017

KAMWA International Festival of Modern Ethnic Cultures

The festival has been held in Perm since 2006. In 2007, KAMWA Festival was included in Perm Krai's priority cultural development projects and became an international event.

In 2009, KAMWA was recognised as the best production project in Perm Krai.

More than 180 projects from 40 Russian regions, as well as guests from Denmark, Finland, Germany, India and the United Kingdom have taken part in the Festival since it was launched.

Dyagilev Festival

The Festival program includes world premiers of opera and ballet performances, modern dance performances, and art exhibitions, as well as symphonic, chamber, organ, and jazz concerts.

One of the most important parts of include the international symposium Dyagilev Readings and the first in the cultural history of Russia contest for the best production project.

Flahertiana International Documentary Film Festival

The first festival took place in 1995 and has been held since 2006.

In 2006, the festival became an annual international documentary film festival with an international jury.

The festival includes a national contest – Russian Flahertiana – featuring the best films of Flahertiana aesthetics shot in Russia.

Parma Wings

Parma Wings is the only festival where it is possible once a year to visit a secret military air base and enjoy the piloting of the best air groups in the world. It has been held each year in Perm since 2009.

In 2018, the Festival was attended by about 20,000 people, many of whom took pictures with fighter planes and climbed into the aircraft pilot cabin.

19,200 foreign tourists visited Perm Krai in 2017

The Perm Period Festival

The Perm Period New Time Festival is a collection of events in the urban environment and across the entire region. It includes a variety of domains – theatre, sports, music, youth culture, ethnic culture and dancing. The Festival supports numerous initiatives and aims to create memorable experiences for Perm Krai residents.

more than 200 events and festivals are held in Perm Krai each year
To-do list when in Perm

What you can do in Perm Krai on vacation

- Appreciate the beauty of the Kungur ice cave
- Taste traditional pies (posikunchik and shangha)
- Admire the talent of Teodor Currentzis in the Perm Opera and Ballet Theatre
- Take a photo in front of the Permyak Salty Ears urban sculpture
- Buy a protective amulet made in the Perm animal style
- Lose your voice at the ski jumping championship in Tchaikovskiy
- Walk under the unique Perm Gates
- Meet alien intelligence in the village of Molebka
- Think about the eternal surrounded by Perm wooden idols
- Find happiness not behind the mountains, but in Perm Krai
What to do if you **want to launch your business in Perm Krai**

- Call or write the Perm Krai Investment Development Agency
  - +7 (342) 259 2345
  - investinperm.ru

- Call PwC Perm
  - +7 (342) 259 1683
  - pwc.ru

**Keep calm and invest in Perm Krai**
PwC provides industry-focused assurance and advisory services, as well as tax and legal services for public and private clients. Our experienced staff, combined with our global network, make us uniquely positioned to help you to grow your business both at home and abroad.

- Our clients in Russia include over 3,000 companies, more than 200 of which are in the Expert 600 rating.
- They account for 63% of the revenue earned by all companies in the rating.
- PwC Russia’s share of the audit market among the top 100 companies in Expert 600 is 27%.

Our audit and consulting clients include:

- 10 of the 10 largest financial companies and banks$
- 9 of the 10 largest oil and gas companies;
- 9 of the 10 largest metallurgical companies;
- 9 of the 10 largest mining companies;
- 9 of the 10 largest telecommunication companies;
- 9 of the 10 largest power industry companies;
- 9 of the 10 largest retail companies.
Ratings and awards

- **No. 1** in the 2017 rankings of audit firms in terms of diversity, Vault (2017);
- **No. 1** in the 2018 rankings of firms specialising in audit and financial accounting, Vault (2017);
- **No. 1** in the 2018 rating of most prestigious audit firms, Vault (2017);
- **Best** provider of strategy services for M&A, ALM Vanguard, 2017;
- **Leading** consultancy on establishing joint ventures and alliances, ALM Vanguard, 2017;
- **No. 1** in the 2018 rankings of audit firms in Forensics, Vault (2017);
- PwC Legal is among the **10 leading** Russian legal firms according to the Pravo.Ru-300 ranking (2017).

There is PwC office in Perm

614015, Perm, ul. Permskaya, 69 / Komsomolsky prospekt, 28a

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Dmitry Degtyarev
*Head of PwC Perm*
PwC Russia (www.pwc.ru) provides industry-focused assurance, tax, legal and advisory services. Over 2,700 professionals working in PwC offices in Moscow, St Petersburg, Ekaterinburg, Kazan, Novosibirsk, Rostov-on-Don, Krasnodar, Voronezh, and Vladikavkaz and Ufa share their thinking, experience and solutions to develop fresh perspectives and practical advice for our clients. The global network of PwC firms brings together more than 236,000 people in 158 countries.

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