KOSTROMA REGION
PERSPECTIVE AREA FOR INVESTMENT
Dear ladies and gentlemen!

Year by year, Kostroma Region becomes one of the most attractive Russian regions in terms of investment development. The region has large reserves of natural resources, well-developed infrastructure and transport accessibility, as well as high level of skilled labour.

In our opinion, the most important success factors in attracting investment are as follows: innovative solutions in public administration and business, reduction of terms of administrative procedures, support of investors at all stages of project implementation.

Creation of such favourable conditions and careful attention to every investor will definitely help Russian and foreign companies to start their production in Kostroma Region and to invest in the region’s economy.

I hope that acquaintance with our region will be useful for you, and I invite all partners interested in mutually beneficial cooperation to constructive dialogue.
FACTORS OF REGION COMPETITIVENESS

- Favourable transport-and-geographical location
- One of the largest forest resources in European Russia
- Highly remunerative mineral deposits
- High level of skilled labour
- Well-developed infrastructure
- Large territory with relatively low cost of land
- Improved investment legislation and "One-Window" principle of cooperation with investors
- Rich historical-and-cultural heritage of all-Russian importance

KOSTROMA REGION

<table>
<thead>
<tr>
<th>AREA</th>
<th>60.2</th>
<th>THOUSAND SQ. M</th>
</tr>
</thead>
<tbody>
<tr>
<td>POPULATION</td>
<td>660</td>
<td>THOUSAND PEOPLE</td>
</tr>
<tr>
<td>LABOUR RESOURCES</td>
<td>373</td>
<td>THOUSAND PEOPLE</td>
</tr>
</tbody>
</table>

KOSTROMA REGION
FLEXIBILITY WITHIN A STRATEGIC SPACE

**POWER ENGINEERING**

Electric power networks of 500, 220, 110 kV and lower operate in Kostroma Region.

Energy extensiveness of Kostroma Region determines the expedience and economical reasons for the placement of energy-intensive productions on its territory.

**HUMAN RESOURCES**

Training of specialists is provided in more than 250 directions.

State Higher Educational Institutions:
- Kostroma State University
- Kostroma State Agricultural Academy
- Military Academy of Radiation, Chemical and Biological Defense named after Marshal of the Soviet Union S. Timoshenko

Kostroma Region refers to energy-extensive regions.

25% of produced electric power (including losses)

Electric power consumption for the needs of Kostroma Region

29 Secondary Professional Educational Institutions
Kostroma Region is one of the major transit centers in Russia.

**TRANSPORT INFRASTRUCTURE**

- **MOTORWAYS**
  - 13.5 thousand km

- **NORTHERN RAILWAY**
  - 640 km of railroad tracks

- **VOLGA RIVER**
  - provides access to the Black, Azov, Caspian, Baltic and North Seas

- **SOKERKINO AIRPORT**
  - cargo transportation
  - passenger transportation

The region offers a comprehensive network of transportation routes, connecting it to major economic centers in Russia and beyond.
More than 2500 monuments of cultural heritage are under the state protection.

Tourism being successfully developed in Kostroma Region:
- cultural-cognitive tourism
- recreational tourism
- youth and junior tourism
- event tourism
- active tourism
- pilgrim tourism
- ecological tourism

Tourism brands of Kostroma region:
- Kostroma – Jewellery Capital of Russia
- Kostroma – Birthplace of Snow Maiden
- Kostroma – Cradle of Romanov Dynasty
- Kostroma – Cheese Capital of Russia

Kostroma – Jewellery Capital of Russia
Kostroma – Birthplace of Snow Maiden
Kostroma – Cradle of Romanov Dynasty
Kostroma – Cheese Capital of Russia
INDUSTRIAL PRODUCTION
Industrial complex is a foundation of the regional economy

SHARE IN ALL-RUSSIAN PRODUCTION SCALE

- JEWELLERY: 55%
- AUTOCRANES: 40%
- FIBERBOARDS: 15%
- CHIPBOARDS: 10%
- PLYWOOD: 10%

Kostroma Region

230 LARGE AND MEDIUM ENTERPRISES
460 SMALL BUSINESSES

GRP’S STRUCTURE OF KOSTROMA REGION

- AGRICULTURE: 9.5%
- PROCESSING INDUSTRIES: 24.2%
- PRODUCTION AND DISTRIBUTION OF ELECTRIC POWER, GAS AND WATER RESOURCES: 8.8%
- CONSTRUCTION INDUSTRY: 4.6%
- WHOLESALE AND RETAIL TRADE: 14.7%
- TRANSPORT AND COMMUNICATIONS: 7.5%
- EDUCATION: 5.0%
- PUBLIC HEALTH AND SOCIAL SERVICES: 5.4%
- STATE MANAGEMENT AND MILITARY DEFENSE: 9.8%
- REAL ESTATE SECTOR: 7.2%
- OTHERS: 3.4%

REGIONAL STRUCTURE OF PROCESSING INDUSTRIES

- METALLURGY: 24.6%
- WOOD PROCESSING: 22.5%
- JEWE LLERY PRODUCTION: 11.1%
- OTHERS: 9.5%
- FOOD PROCESSING INDUSTRY: 7.8%
- PRODUCTION OF VEHICLES: 3.9%
- PRODUCTION OF MACHINERY AND EQUIPMENT: 3.8%
- PRODUCTION OF ELECTRIC EQUIPMENT: 3.6%
- CHEMICAL PRODUCTION: 3.6%

12
13
MECHANICAL ENGINEERING & METALLURGY

MORE THAN 40 LARGE AND MEDIUM ENTERPRISES

25% OF THE POPULATION EMPLOYED IN THE REGIONAL ECONOMY

JEWELLERY PRODUCTION
Kostroma – Jewellery Capital of Russia
Annual International Jewellery Festival «Golden Ring of Russia»

MORE THAN 1400 JEWELLERY ENTERPRISES

AVERAGE ANNUAL PROCESSING VOLUME OF PRECIOUS METAL

Gold 30 tons
Silver 45 tons

OVER 30% of precious metal processed in Russia
Timber products generate more than 79% of regional export volume

**Products:** OSB boards, medium-density fiberboards, furniture shield, plywood, laminate etc.

Regional farming specializes mainly in the sphere of plant cultivation, dairy-and-meat cattle breeding. Natural climatic conditions, state of soils are favourable for the herbage cultivation that permits to satisfy the needs of the cattle breeding branch in feeding stuffs.
INVESTMENT CLIMATE

MORE THAN 400
INVESTMENT SITES
GREENFIELD BROWNFIELD

INVESTMENT ACTIVITY SUPPORT

- Tax benefits
- Grants from the regional budget
- Construction of infrastructure facilities
- Provision of land plots for rent without tender
- Investment projects accompanying at every stage of implementation

TAX BENEFITS

<table>
<thead>
<tr>
<th></th>
<th>PROFIT TAX RATE</th>
<th>PROPERTY TAX</th>
<th>LAND TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% 17</td>
<td>2.2</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>% 12.5</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
MULTI-FUNCTIONAL PARK «INDUSTRIALNY»

- **284 ha** TOTAL AREA
- **42 thousand sq. m** INDUSTRIAL PREMISES AREA
- **37.5 ha** UNUSED AREA

**ELECTRIC POWER SUPPLY**
- Free electric power capacity: 180 MVA
- 2.3 rub./kWh

**GAS SUPPLY**
- 1000 cub. m per hour

**WATER SUPPLY**
- 100 cub. m per hour

**OWN RAILWAY LINE**

**DISTANCE**
- **0.1 km** TO THE FEDERAL HIGHWAY
- **0 km** (railway station «Volgorechensk»)

INDUSTRIAL PARK «VOLGORECHENSKY»

- **2600 ha** TOTAL AREA
- **700 ha** UNUSED AREA

**ELECTRIC POWER SUPPLY**
- Free electric power capacity: UP TO 10 MVA
- In plan of creation: UP TO 100 MVA

**GAS SUPPLY**
- Gas distribution station: Capacity of 910 thousand cub. m
- In plan of creation of GDS: Capacity of 50 thousand cub. m

**WATER SUPPLY AND WATER EXTRACTION**
- More than 300 cub. m per hour

**DISTANCE**
- **0.5 km** TO THE FEDERAL HIGHWAY
- **0 km** (railway station «Volgorechensk»)

RESIDENTS

- More than 300
- More than 300

WWW.PARK-INDUSTRIAL.RU
### Investment Proposals

#### in Metallurgy & Mechanical Engineering

<table>
<thead>
<tr>
<th></th>
<th>Payback Period, Years</th>
<th>Profitability Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assembling Production of Logging Equipment</td>
<td>4.7</td>
<td>1.55</td>
</tr>
<tr>
<td>Shaped Pipes Production</td>
<td>5.2</td>
<td>1.24</td>
</tr>
<tr>
<td>Metalware Production</td>
<td>3.2</td>
<td>1.12</td>
</tr>
</tbody>
</table>

#### Investment Proposals

#### in the Sphere of Construction Materials Production

<table>
<thead>
<tr>
<th></th>
<th>Payback Period, Years</th>
<th>Profitability Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brick Plant Construction</td>
<td>4</td>
<td>1.34</td>
</tr>
<tr>
<td>Expanded Clay Production</td>
<td>5.6</td>
<td>1.26</td>
</tr>
<tr>
<td>Interior Laminated Doors Production</td>
<td>3</td>
<td>1.39</td>
</tr>
<tr>
<td>Production of Insulation Panels Made of Extrusion Polystyrene</td>
<td>5.1</td>
<td>1.28</td>
</tr>
<tr>
<td>Decking Board Production</td>
<td>4</td>
<td>1.21</td>
</tr>
</tbody>
</table>
### Investment Proposals in Timber Industry

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Payback Period, Years</th>
<th>Profitability Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of Enterprise for Chipboard Production</td>
<td>5.1</td>
<td>1.22</td>
</tr>
<tr>
<td>Creation of Enterprise for Pellet Production</td>
<td>4.7</td>
<td>1.33</td>
</tr>
<tr>
<td>Plywood Production</td>
<td>5</td>
<td>1.66</td>
</tr>
<tr>
<td>Creation of Enterprise for OSB Boards Production</td>
<td>5.3</td>
<td>1.24</td>
</tr>
<tr>
<td>Creation of House-Building Factory</td>
<td>6</td>
<td>1.79</td>
</tr>
</tbody>
</table>

### Investment Proposals in Agro-Industrial Complex

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Payback Period, Years</th>
<th>Profitability Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation and Development of Livestock Breeding Complex</td>
<td>6.1</td>
<td>1.15</td>
</tr>
<tr>
<td>Creation of Poultry Farm for Full-Cycle Breeding and Processing of Chickens</td>
<td>3.5</td>
<td>1.47</td>
</tr>
<tr>
<td>Creation of Enterprise for Fruit and Vegetables Processing</td>
<td>5.5</td>
<td>1.24</td>
</tr>
<tr>
<td>Creation of Poultry Farm for Full-Cycle Breeding and Processing of Turkey</td>
<td>4.6</td>
<td>1.45</td>
</tr>
</tbody>
</table>
CONTENTS

Welcome Speech of Kostroma Region Governor ................................   3
Factors of region competitiveness ........................................................   4
General information.................................................................................    5
Power engineering ...............................................................................   6
Human resources ...............................................................................  7
Transport infrastructure .................................................................  8
Cultural heritage ...................................................................................  10
Tourism ................................................................................................. 11
Industrial production ................................................................. 12
Mechanical engineering & metallurgy ............................................... 14
Jewellery production ............................................................................  15
Timber industry ................................................................................... 16
Agro-industrial complex ...................................................................... 17
Investment climate .............................................................................. 18
Multi-functional Park «Industrialny» ................................................ 20
Industrial Park «Volgorechensky» ..................................................... 21
Investment proposals ........................................................................... 22