

# INVESTOR'S BULLETIN

## ULYANOVSK REGION

№ 8 september 2017



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## ULYANOVSK WIND FARM IS ALMOST FINISHED



Construction is proceeding at a very brisk pace. The work on installing the 13th turbine was being done in late August. The last 14th wind turbine will be installed in September. The next step is to connect the wind energy generators to the transformer substation. Before the end of the year Fortum Company will enter the park with the total capacity of 35 MW into operation.

**Alexey Matveev**, head of Ulyanovsky Wind Park Project:

*"This is 100% green energy. We have done some serious research at the preliminary stage. There is a single risk factor, that of bird strikes; but here this factor will be nil, because we will install ultrasound alarms to scare birds away. This is the first ever Russian project in the area of wind energy generation. This will be the first wholesale wind energy park in Russia. Simbirsk-Ulyanovsk has been known as the City of Seven Winds, and so the first wind park will be built*

*here quite appropriately.*

Each tower will be 88 meters tall, and the gondolas will reach as high as 94 meters. The uppermost point of the tower with the blade will be near 150 meters. The capacity of each wind turbine will reach 2.5 MW. Similar wind farms function in virtually every European country and the Ulyanovsk wind farm will be comparable to analogous projects in other countries.

*"By the end of the year as many as 14 wind generators will provide electricity to the general grid. An entire industry will be created in the region to service the wind farm; we are also working actively on the process of localizing production of various parts. We also conduct wind monitoring in three other districts of the region in order to increase the capacity of wind generation in the region to 600-800 MW,"* said **Sergey Vasin**, head of the Ulyanovsk Region Development Corporation.

*"The region is attractive for wind power*

*plant construction and localization projects,"* Managing Director of UK RUSNANO, LLC **Andrei Pokhozhaev** said. *"Considerable industrial potential of Ulyanovsk Region makes it possible to build production facilities for localization of wind turbines spare parts right here in the area, with aviation cluster enterprises and other sectors involved."*



# FIRST BRIDGESTONE PLANT IN RUSSIA AND THE CIS



*The plant is located in Zavolzhye Industrial Park.*

The opening ceremony in late May was attended by Toyohisa Kodzuki, Ambassador Extraordinary and Plenipotentiary of Japan to Russia, and Mikhail Babich, Plenipotentiary Envoy of the President in the Volga Federal District.

**Mikhail Babich** spoke highly about the efforts of the regional administration to create favorable conditions for investors and for business development. *"This is not the first plant that opens on the territory of Ulyanovsk Region. A significant number of other projects will be added soon. We would like to thank the Governor and his team for cooperation. Separate words of gratitude go to our Japanese partners, the choice was difficult, there were other regions that competed with us for this project. We are grateful that they selected Ulyanovsk Region and Zavolzhye Industrial Park. I congratulate the company's employees,*



because the new facility has helped create 550 high-tech jobs on a state-of-the-art enterprise. Ulyanovsk residents will have an opportunity to learn about

opening of the new plant will turn a new page in cooperation between Japan and Russia, and have a symbolic meaning for all. Japanese-Russian relations

Babich for his faith, help and support that he continues to provide to the region. "In last eight years we built 27 plants in Ulyanovsk region, and more is still to come. This year we will begin construction of 14 more plants and launch production at 10 new enterprises. The synergetic effect of this industrial park, the port economic zone and the zone of Ulyanovsk Aviation Industry complex will allow us to almost double the gross regional product within a short period of time," Gov. **Sergey Morozov** said.

We are hopeful that the new enterprise will make a significant contribution to economic development of Ulyanovsk Region and Russia as a whole. I want to thank the Governor and the Government of Ulyanovsk Region, the Regional Development Corporation and all the federal bodies of authority, who have given us tremendous support in the process of implementing the project," said **Kazuhisa Nishigai**, Chief Operating Officer of Bridgestone Corporation.

The company has been



new technologies and work in a world-class company, for a decent salary and in state-of-the-art comfortable conditions," the President's envoy said.

The new facility became one of the largest investment projects in terms of the amount of investments made into the region. The investments

are developing rapidly under the leadership of Russian President Vladimir Putin and Japanese Prime Minister Shinzo Abe. The two leaders have given their full support to these projects, and have developed a very trusty relationship. At present, Japan and Russia are moving toward stronger economic cooperation



amounted to RUB 12.5 billion. Today the company employs 550 people, when it reaches its full capacity the number of employees will rise to 800.

**Toyohisa Kodzuki** said that Bridgestone was a major Japanese company with cutting-edge technologies and highest quality standards. "The

at a stable pace. We continue working to achieve better quality of life for Russian citizens and intend to make every effort to develop mutually beneficial relations. The plant we open today is an important proof of this," the Ambassador said.

The head of the region in his turn thanked Mikhail

Bridgestone Corporation is world leader in tire manufacturing, with 180 enterprises and technical centers in 26 countries of the world. The history of the company's plant in Russia began on April 12, 2013 with the signing of an investment agreement between Bridgestone Corporation, Mitsubishi Corporation, the Government of Ulyanovsk Region and the Ulyanovsk Region Development Corporation. Construction of the plant started on April 1, 2014.

"This will be a very memorable day for us. It took us four years to get to today. Quality is our company's top priority, and we are focused on achieving excellent results for every employee and every supplier.

implementing charity programs. At the ceremony, the company announced that it would allocated RUB 1 million to the All-Russian Society of Disabled Individuals and the City Central Clinical Hospital of Ulyanovsk, so that containers for separate collection of garbage could be installed throughout the city.



# SUMMARIZING THE RESULTS OF INVESTMENT ACTIVITIES in January – July, 2017

In 7 months of 2017, the region completed successfully **6 investment projects** worth some **RUB 1,5 billion**, and created **570 new jobs**.

Among them:

- Launch of TRIMILL VF 6535, the first processing machine with improved parameters by TRIMILL (Czech Republic).

- Launch of the 2nd stage of Darkat investment project to build a logistics complex.

- **Forma, LLC** launches a press form enterprise on the grounds of Zavolzhye Industrial Park.

- Pamir Company launches a line of high-precision wrought-iron and steel castings. The investor's project caters to enterprises of automobile, construction and machine-tooling industries, and aimed at reducing dependence of Russian manufacturers on imports. The investor was the first in Ulyanovsk Region to receive in 2017 financial support in the amount of RUB 65 million from the Foundation for Industrial Development of the Ministry of Trade and Industry of the Russian Federation, within the mutual credit program.

- ISUZU (Japan) launches production of large trucks of C and E series on the grounds of UAZ Private Industrial Park.

During the 7 months **investment agreements have been signed with 6 major investors** for the total sum of **RUB 14 billion**; a total of **3000 new jobs will be created**.

- Construction of an enterprise that will manufacture diatomite products in Inzensky District of Ulyanovsk Region;



- Construction of the medical absorption materials production facility in DAAZ Industrial Park.

- Production of LED products by Ekobase Global Company (Slovenia) in the Special Economic Zone.

- GK Magellan – creation of a sewing enterprise that will sew uniforms for the army and law enforcement agencies on the ready site in Dimitrovgrad Automobile Parts Plant's Industrial Park.

Prizma, LLC – an automobile parts manufacturing facility in Dimitrovgrad advanced socio-economic development zone.

**Seven investors have started construction of projects with the total price of over RUB 7.6 billion.**

Fortum Company (Finland) has started the active construction phase of the wind farm project in Ulyanovsk Region. The total capacity of the wind park will reach 35 MW. The wind park is expected to be completed

by the end of the year.

In May Zavolzhye Industrial Park hosted the groundbreaking ceremony for the new enterprise of Legrand Company (France) that will manufacture low-voltage crossconnect hardware. The new facility of more than 22,000 square meters in area is expected to be completed by the end of 2018.

Active construction and assembly operations are underway on 14 other projects with the total amount of investments around RUB 11.5 billion.

**A number of investment projects are expected to enter into operation** this year: the second stage of the technopark of Ulyanovsk Technology Transfer Center, the new production facility of KTTS Metal Construction Company, Pet Food Studies Center of Mars Corporation (USA), Hestego plant for manufacturing telescopic protection devices for machinery (Czech Republic), a customs center and an industrial park in Ulyanovsk Special Economic Zone.



# BUSINESSMAN OF THE YEAR PRIZE FOUND ITS WINNERS

The award ceremony took place in Hilton Hotel Conference Hall.

The Businessman of the Year prize has been established by Kommersant Publishing House in 2010. It is awarded to companies for making contributions to development of Russian business. The first prize was awarded in St. Petersburg, and since then this event has become a tradition. This is the first time Ulyanovsk Region will host the awards.

Leaders were determined in 12 nominations.

The prize in the **Responsible Businessman** nomination went to **Anatoly Samokhin**, director of the Branch of **Moskva-Efes** Brewery in Ulyanovsk. The company approaches responsibly implementation of socially significant projects, such as management and preservation of natural springs, and support of Designated Driver program.

**Persevering Businessman.** The candidates included company managers who successfully navigated their businesses in difficult economic conditions. The prize went to Sergey Yurasov, managing director of **Aviastar-SP, LLC**.

**Promising Businessman** The award in this nomination went to **Fabrice Gorlier**, General Director of **ISUZU RUS**. The prize in this nomination is awarded to companies, which will begin implementing new interesting projects in the near future.

**Construction Businessman.** The prize went to **Nail Alimov**, General Director of **West Investment and Construction Company, LLC**. The company takes a leading position on the construction market of Ulyanovsk Region.

**Promotion Businessman.** The award went to **Sergey Vasin**, General Director of **Ulyanovsk Region Development Corporation** for professional and successful promotion of the region on the federal and international level.

**Growth Businessman.** The award in this nomination went to **Lyudmila Nekrasova**, head of the branch of Legrand Company, for increasing production and expanding the company's geography.

The award for **Import Replacement** went to **Alexey Antipin**, General Director of **Ulyanovsk Machine-Building Plant (DMG MORI)** for successful development of import replacement technologies.

The event of the year for Ulyanovsk Region was the investment project implemented in the region by Fortum Company, which built the first-ever wind farm in Russia. **Alexander Chuvaev**, Executive Vice President of **Fortum**, JSC received his award in the **Event Businessman** nomination.

**Export Businessman.** The award in this category goes to **Dmitry Kutmenyov**, Director of **SPK, LLC** for successful sales of the company's products on the international market.

**APK Businessman.** The prize in this nomination went to **Mikhail Gorshkov**, General Director of **Undorovsky Plant of Volzhanka Mineral Water**.

The winners in two main nominations were announced by



Governor **Sergey Morozov** of Ulyanovsk Region.

The award in the **Company of the Year** nomination went to **Hiromi Tanigawa**, General Director of **Bridgestone Tire Manufacturing CIS**. Companies in this nomination implemented major investment projects on the territory of Ulyanovsk Region.

The award in the **Businessman of the Year** category went to **Dmitry Ryabov**, Chairman of the Board of Directors of DARS Group of Companies. Over this year, the company has significantly expanded its geography of presence and has been implementing strategically significant federal projects in various regions of the Russian Federation.

# SPIEF 2017 RESULTS: THREE NEW PROJECTS

## In Top 10 Projects in the National Rating

*The results of the annual National rating of investment climate in constituent regions of the Russian Federation were announced during the second day of St. Petersburg International Economic Forum. Ulyanovsk Region is among the top regions in the rating across the board.*



The delegation of Ulyanovsk Region, led by Gov. Sergey Morozov returned from the Forum with new projects. Three investment projects were signed.

### GK Magellan

Will build a uniform manufacturing facility at a ready site in the industrial park of Dimitrovgrad Automobile Parts Plant. These products will be used by the Russian National Guard, the Ministry of Defense, the Navy and other law-enforcement and defense agencies. The company has been on the market for more than 25 years. The total amount of investments into the project will amount to some RUB 200 mln.

*"We will create a factory with 1500 jobs in Ulyanovsk Region. The enterprise will use cutting edge technology and automated equipment. We chose Dimitrovgrad, because single industry towns have a better situation on the labor market than big cities do, and they already have an established production culture,"* said **Igor Shalnov**, General Director of Magellan Group.

*"In the Soviet times, Dimitrovgrad was famous for its light industry, and such factories*

*as Olymp and Kovroteks were well known far beyond our region. The economic situation of the 1990s required making some adjustments and all enterprises were closed, but this agreement will revive the sewing industry in the city and will enable Dimitrovgrad residents to find new jobs,"* the **head of the region** said.



### Prizma, LLC

Dimitrovgrad advanced socio-economic development zone will also house the automobile parts manufacturing facility. The Russian investor will cooperate with German business to build an enterprise that will produce rear view mirrors for cars. Investments will amount to RUB 90 mln,

and 220 new jobs for local residents will be created. Most raw materials are purchased from local manufacturers, so the project is promising from the point of view of import replacement.

### EkoBase Global (Slovenia)

The company will build a multi-functional factory that will build LED lighting fixtures for street lighting in the special economic zone. No inert gases will be used in the production process, therefore requiring no special reclamation methods and will result in the making of safe products. Initial investments will amount to RUB 300 million, with subsequent increase to RUB 600-700 million.

*"The project will include smart city technologies when different city services use the only flashlight model, that is, no additional floodlights, communication retransmission systems, traditionally present in urban lighting systems, will be required, and there will be just one well-designed lighting device with built-in cameras and a Wi-Fi system on road sections where necessary,"* said **Alexander Savelyev**, head of EkoBase Global Company.

### Schaeffler

The company signed a very important agreement for Russian business in the presence of the Governor. Rainer Lindner, head of CEE/MEA Division of Schaeffler Group, settled an agreement with MSP Federal Development Corporation to provide assistance to Russian companies working to bring their products up to Schaeffler standards, thus helping incorporate Russian business in the supply chain of the German concern. The Russian-German Foreign Trade Chamber acted as the third party of the agreement.

# DMITRY MEDVEDEV VISITS ULYANOVSK REGION



During the working visit of Russian Prime Minister Dmitry Medvedev to Ulyanovsk Region in June 2017, head of the region Sergey Morozov presented several projects in the field of alternative energy, as well as a new regional economic development zone project.

The Russian Prime Minister supported the initiative of the region to expand the capabilities of the first wind energy park in the country and to create a new special industrial production economic zone.

"Today we asked the Prime Minister to support the wind energy generation project, and increase its financing. We need to support the investors who are ready to invest in the construction of wind farms," **Sergey Morozov** said. "A new large-scale project to create a new special industrial production zone will use the successful experience of other sites and infrastructure projects created in the region. First and foremost, it will involve Zavolzhye Industrial Park, where we currently have 22 active residents. These include companies from Japan, Germany, Turkey, Mexico and many other developed countries. The park is among the top five largest such parks in Russia, including all the special economic zones. A new site will help improve competitiveness of the region as it will bring the share of innovations in the GRP to 20% by 2030, and will shape the environment conducive to technological entrepreneurship."

In the opinion of federal experts,

creation of a special economic platform of a new type in the region is justified by its unique location with maximum integration of all the necessary components: a large industrial territory created during the last years of the USSR, a successful industrial park, a logistics SEZ, a technology transfer center and vacant territory of tremendous potential for housing and industrial development projects.



"I started working with various projects in Ulyanovsk Region about two years ago, and your economic zone has always been one of the most promising in terms of its prospects. We see today that every hope we had for this project has become reality. The Ulyanovsk zone is successful in every way. The main success criterion worldwide and in this country as well is people. There are usually more obstacles that can be overcome without any special effort. So only energy and dedication can help overcome all the problems at the implementation stage," said **Evgeny Elin**, Deputy Minister of Economic Development.

The new SEZ will include a part of Zavolzhye Industrial Park and the Technical Campus. The Technical Campus will become the nucleus of the new project; its first stage has been already completed. The Center of Nanotechnologies, opened in 2013, has already launched more than 100 projects. The three buildings of the nanocenter have been fully leased out to startup companies; at present, the Regional Development Corporation has started work on designing a new complex with the total area of 22,000 square meters.

"This project could be interest to manufacturing companies and enterprises engaged in new product development, since the special economic zone in the port caters mainly to logistics companies, and not to technical or innovative projects," said **Sergey Vasin**, General Director of Ulyanovsk Region Development Corporation.

## COMMUNICATING IN A NEW FORMAT

*A new format of interaction with investors has been introduced in the region. They now meet and talk over a business breakfast.*

The governor, members of the Region's government and top executives of the Development Corporation get together with managers of new enterprises in an informal setting to discuss important topics.

Two such meetings have already been held in a Hilton hotel; one meeting was organized for foreign investors, and the other – for their Russian counterparts. *“At these meetings we respond to the investors' questions, and work to develop cooperation between them. This is not only a chance to meet and talk with the government of the region; it is also an opportunity for companies to talk to each other and establish business contacts,”* said **Sergey Vasin**, head of the Development Corporation.

The event was attended by representatives of some 20 companies implementing various projects in Ulyanovsk Region. These companies included Schaeffler, Legrand, Nemak, Bridgestone, Mars, Sozidanie, Adon Gaz, Duet-Gidravlik, Tashlinskiy GOK, Zhivaya Voda, Darkat, Sedrus, AeroKompozit Ulyanovsk.

At these meetings, S.I. Morozov talked to the investors about the measures



undertaken by the regional government to support investment projects, the agreements on creation of new enterprises to build in the region, and development projects in the area of urban and regional infrastructure.

*“We appreciate this opportunity to engage in direct dialogue with the bodies of authority and decision makers, when in an informal setting we can ask any questions and decide on the measures we can take to solve problems,”* said **Valery Arkhipchuk**, General Director of Sozidanie, CJSC.

The investors wished to talk about the opening of new businesses following repairs and renovation of the airport on the right bank of the Volga, reduced tariffs for power

supply services for industrial enterprises in the Region, the problem of building and repairing roads on the territory of Zavolzhye Industrial Park, and arranging public transport routes on its grounds.

The problem of training qualified personnel was also of considerable interest to all the participants. New enterprises with fully automated production processes require workers who are able to operate electronic systems. One way to solve this problem will be to create a training center in one of the regional universities, where young professionals will receive their training.

These meetings will be held every quarter.

