REGION FOR BUSINESS

November 2016

4th place in rating of investment attractiveness of Russian regions
Chemical industry – regional’s economy growth driver.

The historical specialization of Tula region – the production of machine-building, chemical and metallurgical products. The share of the production of chemical industry in the region - 19.8%, the share of Tula’s production in Russian scale - 4.2%.

“Plastic” produces ABS-plastics and components for the automotive and machine builders, raw materials for manufacturers of plastics and construction industry, safety products for the mining and construction industry. The share of the production of ABS in the Russian production - 70%.

In November, the company’s management discussed the questions of the plant development with the Governor of Tula Region Alexey Dyumin. After seeing the production, the head of the region noted that new technologies are being introduced and product quality being improved. According to Alexei Dyumin, the regional government will continue to provide the necessary support to the enterprise.

General Director of “Plastic” Nikolai Kizimov said that the company underutilized the primary production of styrene. Capacities allow processing almost 30% more ethylbenzene than the current processing is. For today the workload of styrene production depends entirely on the supply of SIBUR Holding. Purchase of raw materials from other suppliers is almost impossible.

As noted by the head of the plant, in the framework of cooperation between “Plastic” with the government of Tula region and “NK Rosneft” solution was found associated with the construction of ethylbenzene loading rack at Angarsk polymer plant for shipment of surpluses in the amount of about 700 tons per month.

The appropriate agreement was signed. Alexey Dyumin noted that Tula region is interested in the development of production capacities, creating more jobs and increasing revenue collection.

Plans for the development of large chemical enterprises in the region are included in the program of socio-economic development of the region until 2021. We will do everything we can to support the companies, to make them stable and developing.

Alexey Dyumin, Governor of Tula region
The supervisory board of the special economic Zone “Uzlovaya” approved the applications of the first residents

The regional government held the first meeting of the supervisory board of the special economic zone “Uzlovaya” under the chairmanship of the first deputy Tula Region Governor - Tula region government chairman Yury Andrianov.

The project to build a greenhouse complex for year-round cultivation of champignons was presented by the general director of “AgroGrib” Andrey Chigin. He said that currently Russia imports 80% of champignons. The implementation of the investment project will allow the company to annually produce 25 thousand tons of fresh champignons, which will make about a quarter of the Russian market of fresh champignons.

The investment project of “RG-Techno Production” envisages the construction of a complex for the production of high-tech municipal machinery. Company that works on the market for over 20 years now seeing a significant rise in prices of imported spare parts relies on the localization of production. Another company that plans to localize production in the special economic zone “Uzlovaya” - “Engelsspetstrubmash”. The goal of the investment project - launch of high-tech production of flexible tubing (coiled tubing) pipes for the oil industry (wells repair and research). Planned production capacity - up to 9000 tons per year.

As was said by the general director of the investing company, Dmitry Kolosov, now the vast majority of coiled tubing pipes manufactured abroad. Organization of import-substituting production will provide domestic oil-service companies with high-quality flexible tubing and reduce the dependence of the industry on the supplies.

The meeting participants also discussed the progress of infrastructure construction in the “Uzlovaya” special economic zone. Tula region Development Corporation, the management company of the SEZ, summed up the results of the competition for the works on the development of the project plan of the special economic zone.

To spring of 2017, the project plan will be ready. During 2017, the site will be fully provided with the necessary infrastructure. As a result of the meeting of the Supervisory Board all applications of potential residents have been approved.

It is planned that by the year’s end, “AgroGrib”, “RG-Techno Production» and «Engelsspetstrubmash” will be registered as the residents of SEZ “Uzlovaya”.

Localization of our enterprise in the special economic “Uzlovaya” is favorable due to the proximity to raw materials, availability of labor, as well as the preferences of the special economic zone, existing and future measures of state support.

The purpose of the project - creation of modern production of municipal equipment for waste collection, is not inferior to a European analogs, at a lower price. Products of our company will also be attractive for export to the countries of the Customs Union. The planned capacity of the plant - 250 machines a year.

The production of coiled tubing pipes is import-substituting and export-oriented, the main market - Russia and CIS countries. In this context, we consider the optimal placement of production in a special economic zone “Uzlovaya”, which provides free customs zone regime and the necessary infrastructure for the start of production.
**POTENTIAL RESIDENTS OF SEZ “UZLOVAYA”**

**“AgroGrib” Ltd.**
- Greenhouse complex for year-round champignon cultivation. Implementation of the project will increase the share of Russian mushrooms on the Russian market.
  - Investment size: 6200 billion rubles
  - The number of jobs: 919
  - The planned year of production launch: 2017

**“RG-Techno Production”**
- Production of high-tech machinery.
  - Investment size: 441 billion rubles
  - The number of jobs: 118
  - The planned year of production launch: 2018

**“Engelsspetstrubmash”**
- Manufacture of flexible tubing.
  - Investment size: 1640 billion rubles
  - The number of jobs: 200
  - The planned year of production launch: 2017

**“Amest”**
- A plant for the production of tin containers, with a perspective for establishing the production of cosmetic products, household chemical products in metal aerosol packaging.
  - Investment size: 1580 billion rubles
  - The number of jobs: 400
  - The planned year of production launch: 2017

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**Tula manors waiting for investors and tourists**

- Mosolovs’ Manor, Dubensky district
- Von Mecks’ Manor, Venevsky district
- Paskhalovs’ Manor, Aleksin
- Mirkoviches’ Manor, Odoyevsky district

Tula held a breakfast meeting of Tula region government representatives and business entities on the implementation of “Tula manors” investment project.

In Tula region are located 305 manor complexes that are in different condition. Designed by the Tula region Development Corporation together with the regional Ministry of Culture the project to restore the manors can serve as a good example of public-private partnership and is able to include both the tourist infrastructure, and unique historical
and cultural objects. The potential investors saw the presentation of the investment project “Tula manors”, which included Mosolovs’ Manor in Dubensky district, Von Mecks’ Manor in Venevsky district, Paskhalovs’ Manor in Aleksin, Mirkoviches’ Manor, Odoevsky district. The work on the project continues, there are plans for another ten mansions for complex elaboration of investment proposals. During the event, investors were introduced to estates “passports”, information on tourist attraction, government measures support, which can be received within the framework of public-private partnership in the implementation of projects as well as lease terms and registration of ownership of these estates.

Vyacheslav Fedorischev,
Deputy Governor of Tula region

Sergey Kuznetsov,
the chairman of Tula region committee of tourism

Oleg Lipatov,
Director general of Tula region Development Corporation

At present the estates are in need of restoration. We are ready to invite investors who will assume responsibility and use their own private funds to restore them, provide them with tourist infrastructure.

One of the important tasks of the government and the Tula region committee for the development of tourism is to create favorable conditions for the development of tourist infrastructure in the region, which will contribute to an increase of tourist traffic in Tula region. At the same time, it will also create new jobs and will stimulate the development of small and medium-sized businesses.

Many cultural heritage sites have unique recreational potential which can be better realized through the implementation of concession agreements. The concession is beneficial to both parties, and we believe that investors are interested in the given direction.

TULA REGION ENTERED THE TOP-10 RUSSIAN REGIONS WITH MINIMAL INVESTMENT RISK

December 9 Russian rating agency RAEX («Expert RA») summed up the results of the annual rating of investment attractiveness of Russian regions. Tula region is among the subjects of Russia with minimum investment risk taking the 10th place on this indicator. Compared to 2015 Tula region have risen in the ranking by one position. According to experts of the rating agency, regions’ investment risks grow for the last three years. Nevertheless, the business began to adapt to the crisis and acquired immunity. The drivers of regional development became growing agricultural, chemical, aviation and defense industries. In particular, the rating’s authors attributed the strengthening of Tula region’s position with the development of a powerful cluster of chemical companies that produce mineral fertilizers, synthetic fibers, and household chemicals.
“TULAMASHZAVOD” TO OPEN FOR TOURISTS

Representatives of the tourist industry got acquainted with one of the flagships of the industrial enterprises of Tula to explore capacity of production and exhibition sites for the development of new tourist routes.

The guests were shown an exhibition complex, which presents the main milestones of development of the defense enterprise, product samples of civil and military purposes for the entire period of the plant’s existence.

Among the unique exhibits - Soviet children’s bicycles, scooters, machines, weapons, as well as samples of of forge and foundry production.

TULA REGION HAS SUMMED UP AGRICULTURAL YEAR RESULTS

Despite the difficult weather conditions during harvesting, Tula farmers provided a 20 years record for gathered grains and legumes.

The region occupies a leading position in the country for production of potato and rape seed. The region also holds the best numbers for the last 15 years by the agricultural cultivated areas - more than 820 thousand hectares.

By 2021, the region plans to increase the cultivation area to a million hectares and gross grain yield - up to 2 million tons.

“SHCHEKINOAZOT” NEW PROJECT: THE THIRD METHANOL PRODUCTION

The “Shchekinoazot” company and Dutch company “Haldor Topsoe” in the continuation of long-term cooperation signed a contract for engineering services, which will be the first step in the implementation of a new investment project within the “Shchekinoazot” industrial site - the construction of methanol production with production capacity of 500 thousand tons per year.

Today, on the industrial site works the methanol facility M-450, launched in 2011.

In 2018 will be launched a combined complex for production of methanol and ammonia M-450 / A-135.

And now the company has announced the launch of another large-scale project.