



MINISTRY OF ECONOMIC
DEVELOPMENT AND INDUSTRY
OF THE REPUBLIC OF KARELIA



DEVELOPMENT
CORPORATION
OF THE REPUBLIC
OF KARELIA

INVESTMENT PASSPORT OF THE REPUBLIC OF KARELIA — 2021

Geographical location

Total area - 180.5 thousand sq. km

Population - 609.1 thousand people

Capital - Petrozavodsk City

More than 80,000 rivers and lakes



The longest border in Russia with
the European Union (about 800 km)



Biography of the Head of the Republic of Karelia



Awards, honorary ranks:

- Acting State Counselor of Justice of the RF, 1st class
- Awarded the Order of Honor and the Medal of the Order of 'Merit to the Fatherland', 2nd degree
- Honored lawyer of the RF
- Honorary Worker of the Ministry of Justice of the RF
- Honorary Worker of the Prosecutor's Office of the RF

Parfenchikov Artur Olegovich

Date of birth: November 29, 1964

In 1987 graduated from the Faculty of Law of the Leningrad State University nmd. A.A. Zhdanov

Curriculum Vitae

Since 1987 worked as an assistant to the prosecutor of the Olonets region, procuracy of the Republic of Karelia

1988-1991 — Investigator of the Prosecutor's Office of the Olonets District of the Republic of Karelia

1991-1995 — Deputy Prosecutor of the town Sortavala of the Republic of Karelia

1995-2000 worked as Deputy Prosecutor of Petrozavodsk

2000-2006 — Prosecutor of Petrozavodsk

2006-2007 — Head of the St. Petersburg Office of the Federal Bailiffs Service — Chief Bailiff for St. Petersburg

In 2007 was appointed as Deputy Director of the Federal Bailiff Service — Deputy Chief Bailiff of the Russian Federation

In 2008 by the Decree of the President of the Russian Federation, was appointed as Director of the Federal Bailiff Service — Chief Bailiff of the Russian Federation

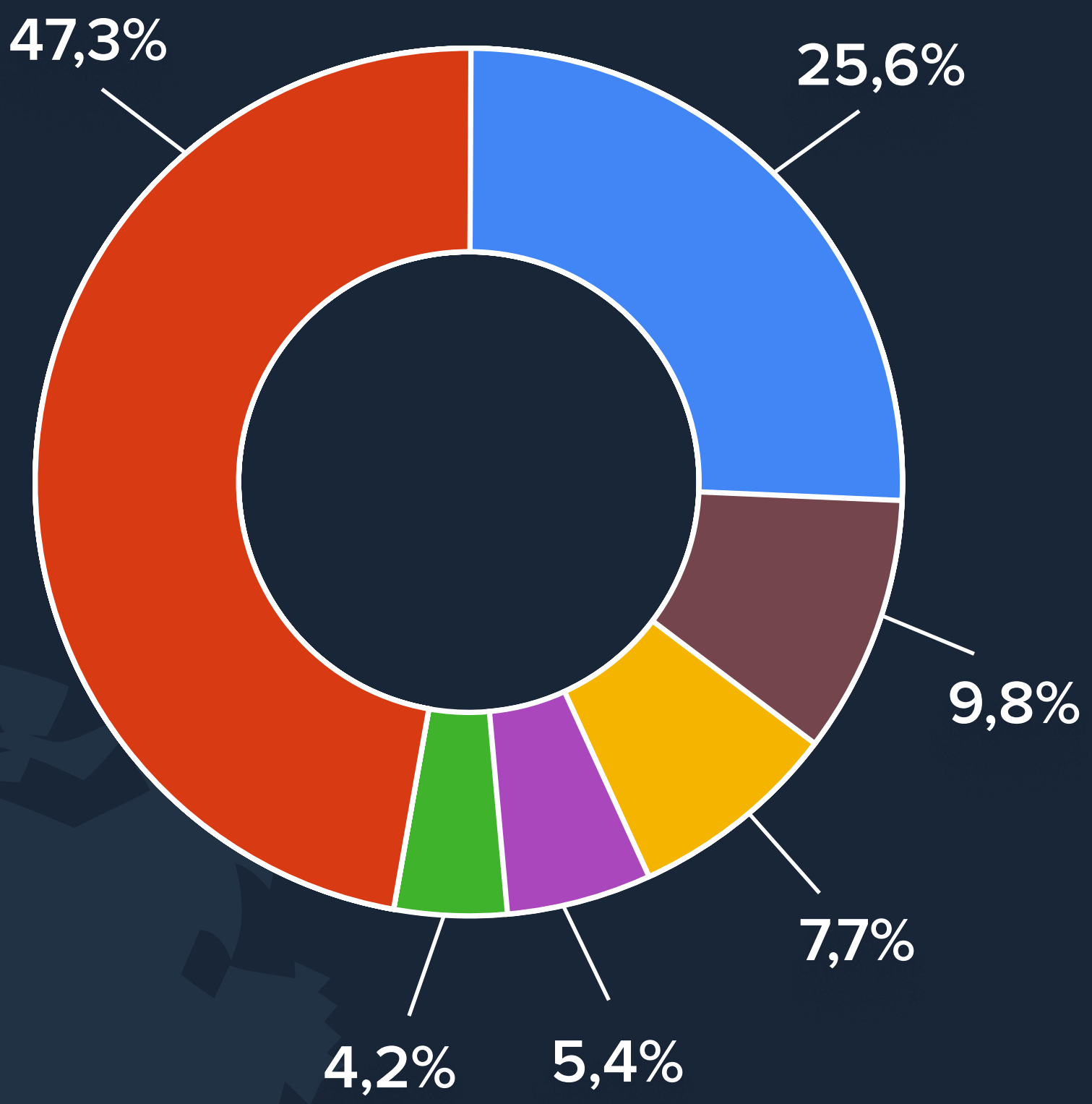
February 15, 2017 by the Decree of the President of the Russian Federation, was appointed as Interim Head of the Republic of Karelia

September 25, 2017 — took office as the Head of the Republic of Karelia

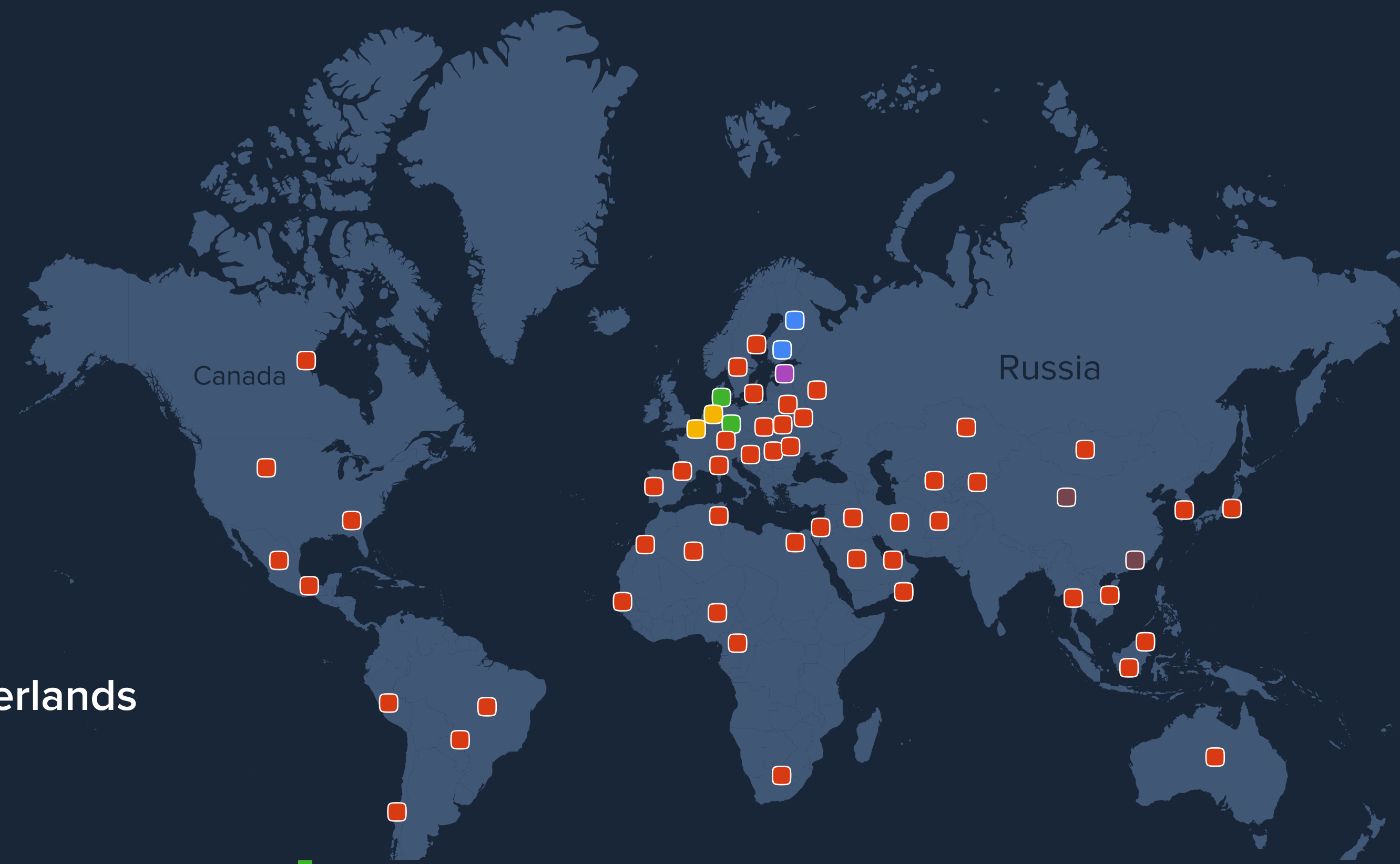
★ Petrozavodsk

Geography of supplies of Karelian products

The share of countries in the foreign trade turnover of the Republic of Karelia



- Finland
- China
- The Netherlands
- Estonia
- Germany
- Other Countries



Achievements of foreign trade in the Republic of Karelia for 2020

- Turnover (\$ 970,3 mln)
- Export (\$ 731,9 mln)
- Import (\$ 238,4 mln)

The most important industries

Industry plays a crucial role in the structure of the economy, accounting for more than a third of the regional gross product.



Timber industry

Mining complex

Food industry

Power energy

Metalworking

The largest enterprises producing products
for export operate in Karelia

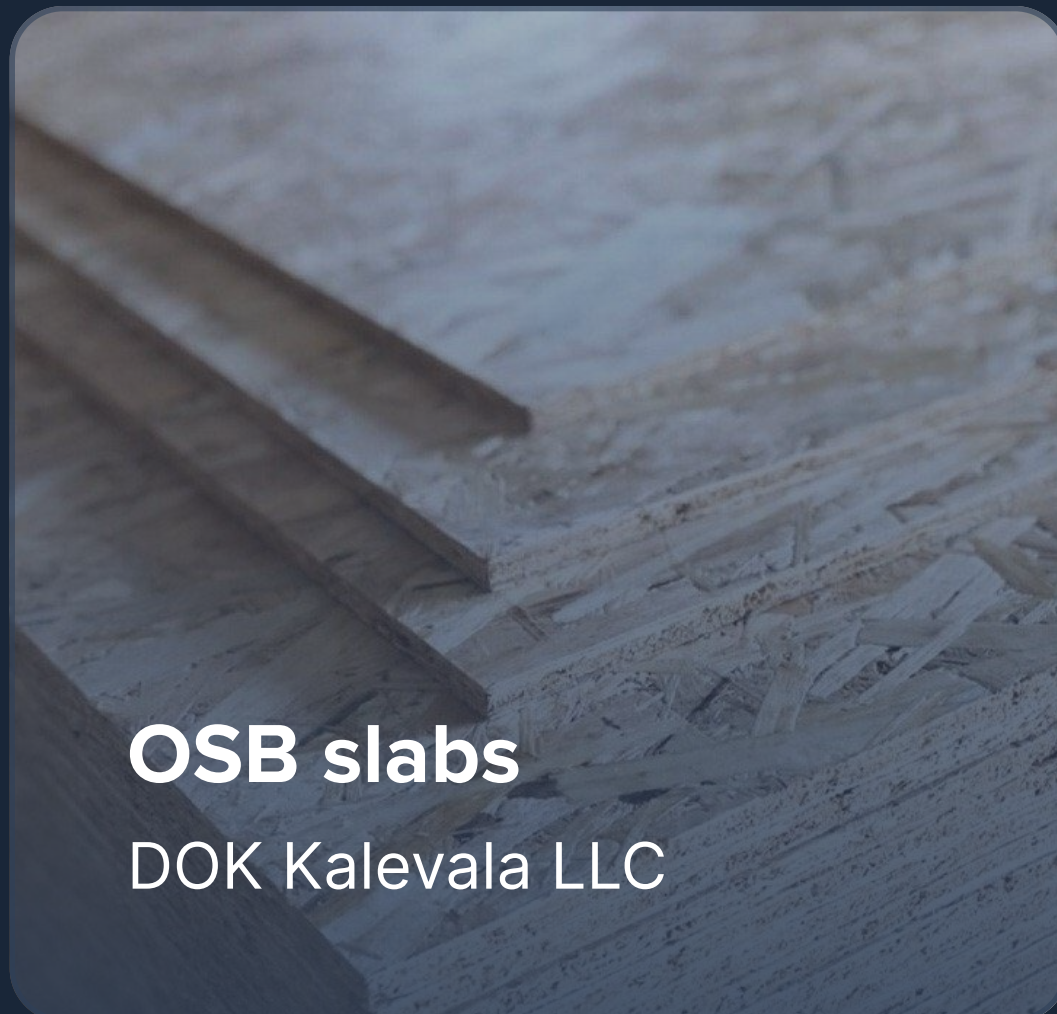
Iron-ore pellet production
JSC Karelsky Okatysh



Pulp production
LLC RK Grand

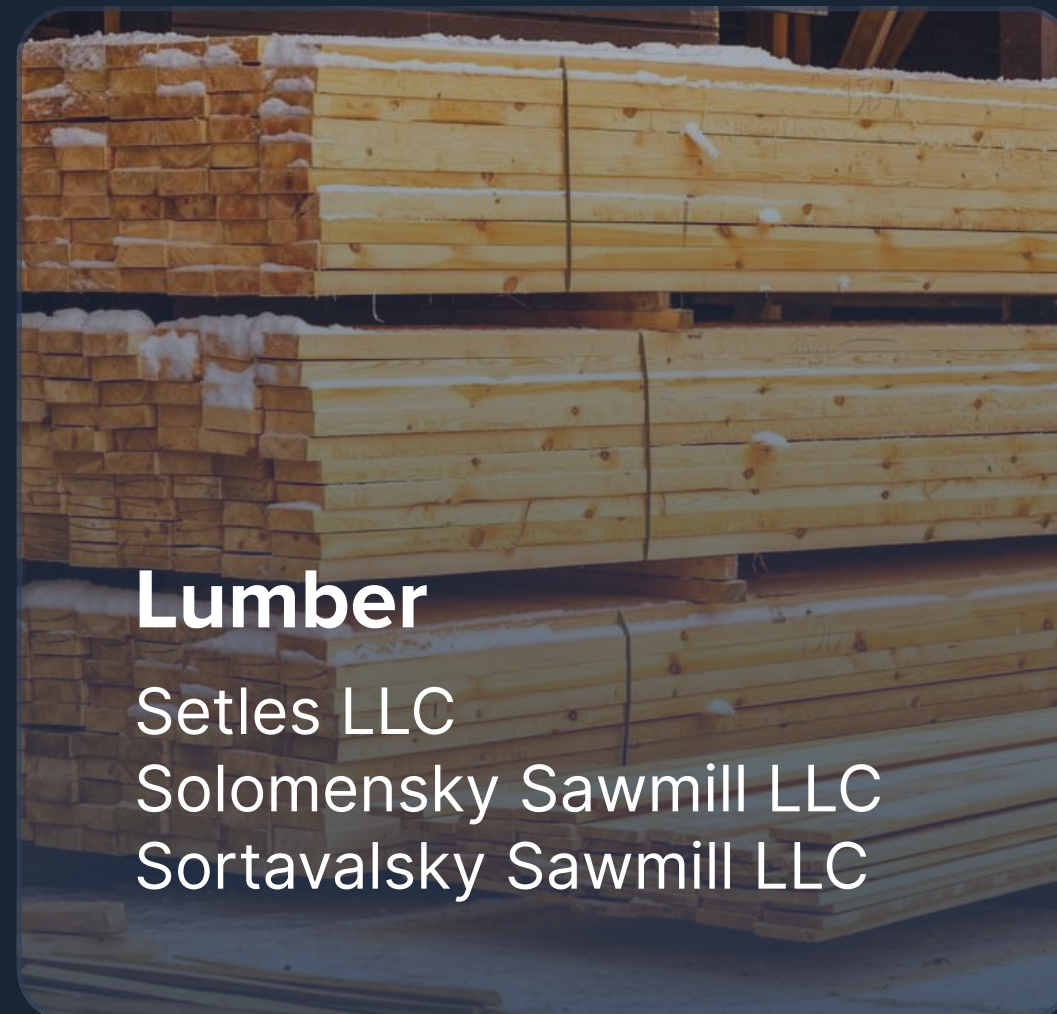


Main types of exported products



OSB slabs

DOK Kalevala LLC



Lumber

Setles LLC
Solomensky Sawmill LLC
Sortavalsky Sawmill LLC



**Kraft paper,
cardboard**

JSC Segezha CDB



Newsprint paper

JSC Kondopoga CDB



TH Yarmarka

Trade House Yarmarka — is one of the leading companies on the cereals market in Russia. It announced itself back in 1995 and currently holds a consistently high position in the food industry. It specializes in the production of high quality natural products for proper nutrition.

- 11 countries for the import of raw materials for the products of TH Yarmarka
- 22 exporting countries of TH Yarmarka
- 2.8 million families in Russia buy products YELLI

[Trade House Yarmarka ↗](#)

High quality and environmentally friendly products



LLC Manufacturing
Company Zagotprom



LLC Mother Karelia



LLC Trade House Yarmarka



LLC Berries of Karelia

Petrozavodsk distillery Petrovsky



Allows the use of commercial marine resources represented by such fish species as Karelian trout, herring, whitefish, navaga, smelt, salmon, cod and flounder, more than 13 classes of algae, as well as White Sea mussels.



IT-Park PetrGU

More than 250 completed projects for companies in Russia and foreign countries in the field of effective process management, civil microelectronics and instrument making, logging and production, technology development for pulp and paper, mining, oil and gas enterprises, fish cage farms.



SIEMENS



Outotec

LLC Engineering Center of Fire Robotics FR

Products manufactured by FR are widely used to protect fire hazardous facilities and are supplied to facilities in Russia, the CIS countries, the EU and China (stadiums 'St. Petersburg', 'Luzhniki', oil and gas enterprises, the largest aircraft and helicopter hangars, in particular, to airports Sheremetyevo, Vnukovo, etc.)



In 2018 Engineering Center FR was recognized as the best manufacturing enterprise of the Republic of Karelia.

MB BARBELL Company

Sports equipment of the MB BARBELL company, produced in Petrozavodsk, is supplied to Finland, USA, Sweden, Germany, the Netherlands, Great Britain, Poland, Czech Republic, Hungary, Switzerland and other countries of Western and Eastern Europe and the CIS.



Mining potential of the Republic



More than 525
explored deposits



35 types of solid
minerals



Granite, gabrodiabasite,
shungite, basalt

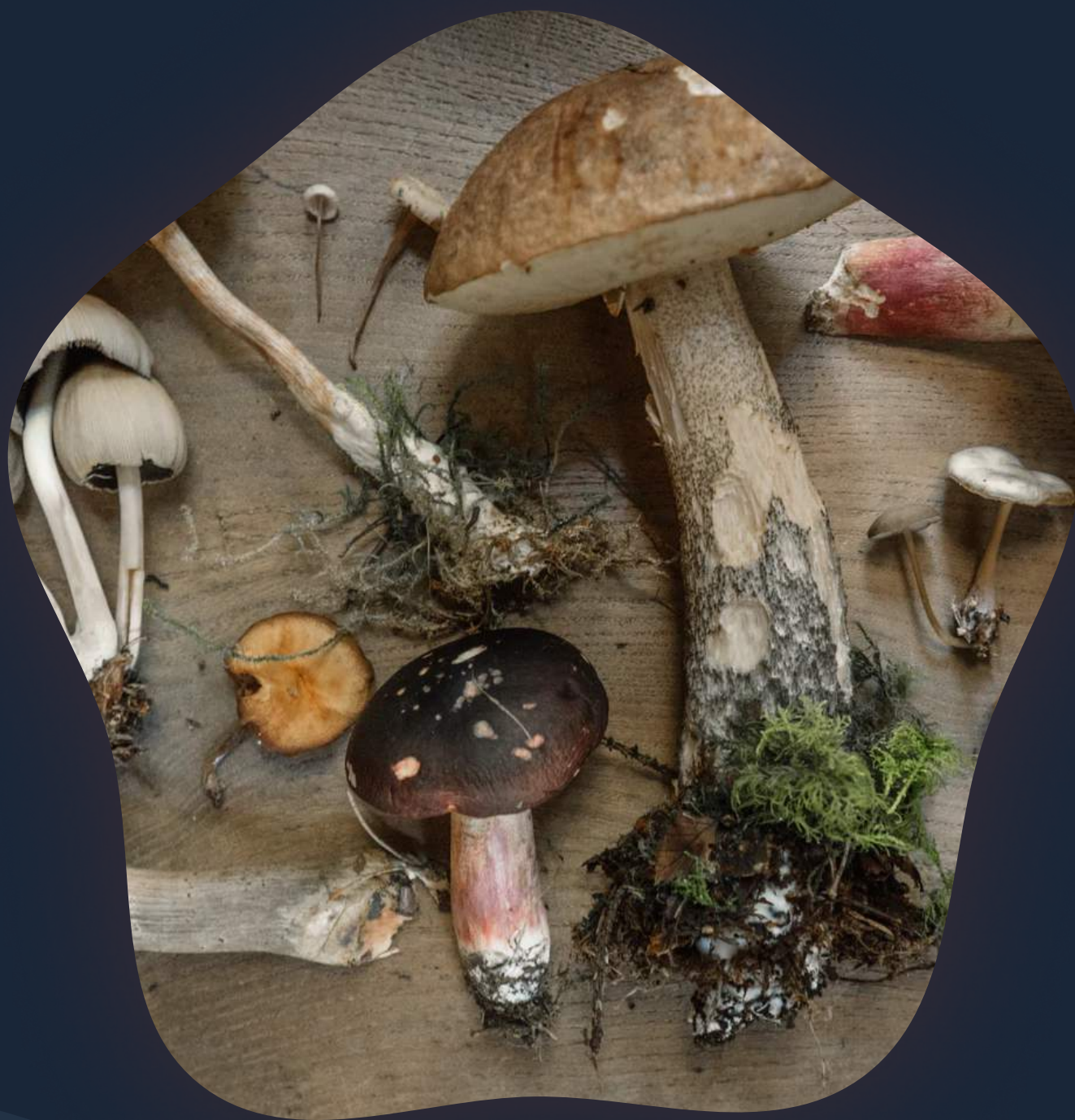
Unique deposits of shungite

Shungite is a natural mineral with various useful properties and is a brand for Karelia. Industrial extraction of shungite is carried out only in our republic and nowhere else in the world.

It is widely used in metallurgy (main consumer), construction, chemical industry and instrument making, used in wastewater treatment, in agriculture as fertilizers. Also, jewelry and souvenirs are made from it.

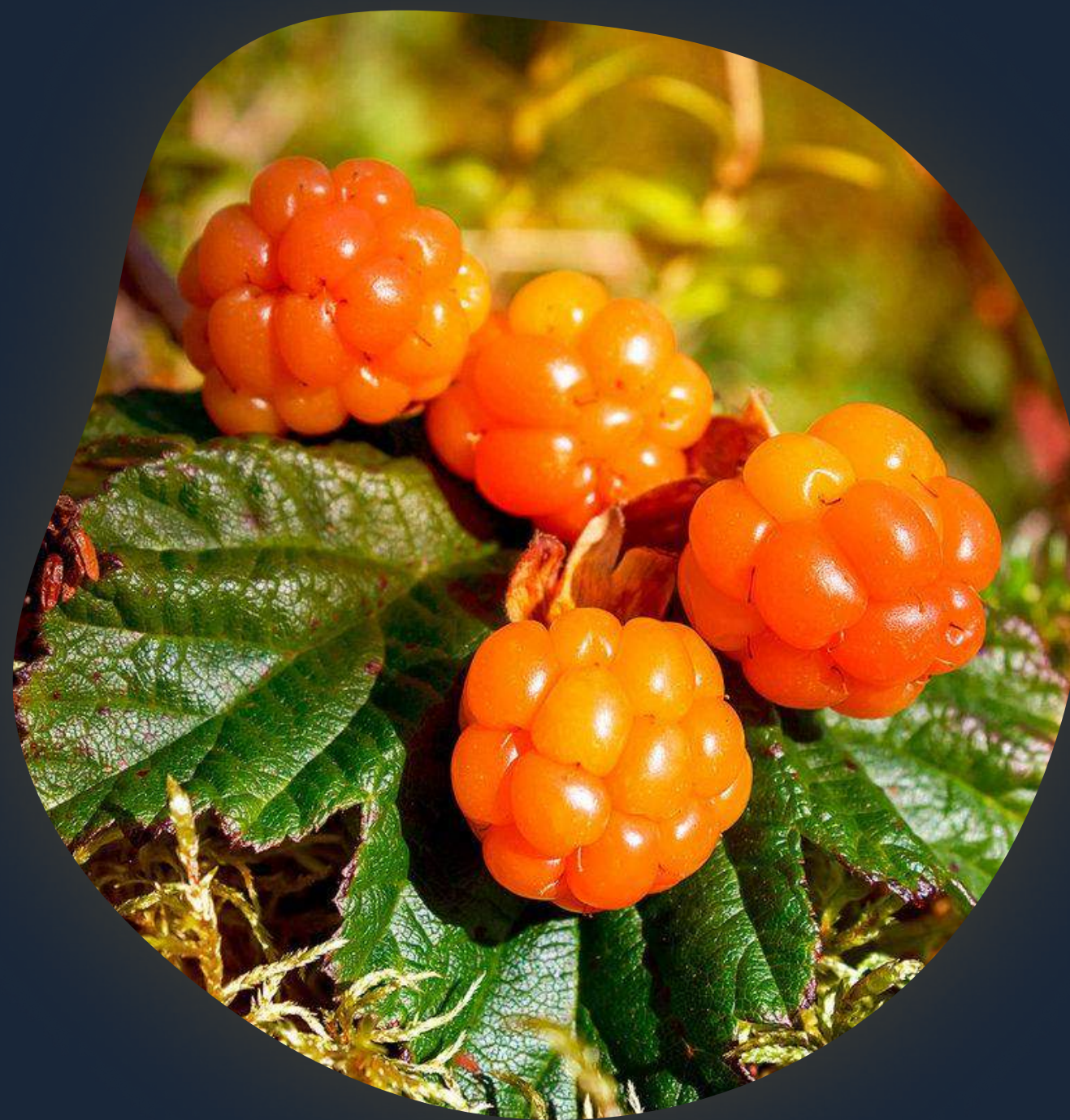


Potential volume of provision



Mushrooms

70 thousand tons



**Medicinal plants (more
than 150 species)**

6 thousand tons



Wild berries

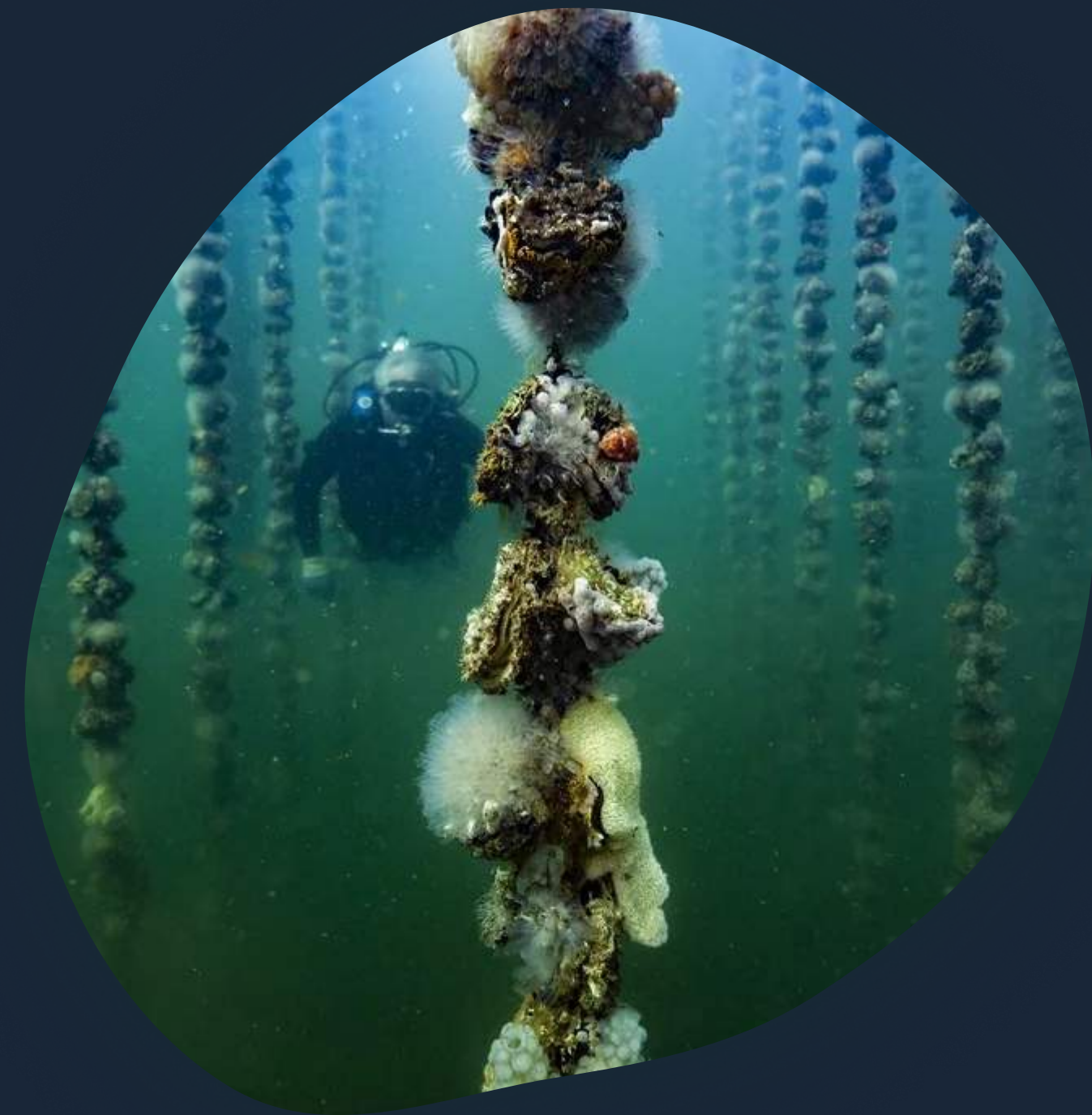
160.9 thousand tons



White Sea



Seaweed production



Breeding mussels

Small business support

In 2020 more than 1,850 entrepreneurs received state support for a total amount of more than 570 million rubles.



Providing preferential lease of premises (ready-made offices) and rendering of consulting, accounting, and legal services, conducting training courses, as well as providing the maximum range of support measures, including coming out for export.



Karelian petroglyphs are one of the oldest rock carvings on Earth. They are more than 5 thousands years old.



It covers a 20.5 km long section of the Onega lake shore and includes 24 groups, including 1100 figures and signs.

The White Sea petroglyphs are located in the place of Zalavruga, on the islands of the Vyg River. A total of 39 groups were found here, including more than 2000 individual figures.



The Kizhi Museum-Reserve is one of the largest open-air museums in Russia.



Included in the UNESCO World Cultural and Natural Heritage List, it is a particularly valuable cultural heritage site of the nations of Russia.



More than 100 thousand tourists visit Valaam annually.



Founded in the 11th century, the Valaam Spaso-Preobrazhensky Monastery on the islands of the Valaam archipelago in Karelia is famous for its preserved exclusive examples of Russian church architecture.





In the Republic of Karelia there are all conditions for the development of tourism with accommodation of guests in floating houses.



The presence of 2 largest European lakes — Ladoga and Onega, thousands of forest lakes and rivers, beautiful natural landscapes of coastlines.

The first Russian resort Martsialnye Vody (Marcial Waters).



The resort with ferrous mineral waters and curative mud has established itself as a responsible and professional provider of spa services in Russia, ready to increase the number of tourists from all regions of Russia and from abroad.



For Investors

For potential investors in the field of tourism, the republic is ready to offer **more than 30 investment sites** in different regions of Karelia.



Most of the sites proposed for consideration are located on the banks of water bodies.



Development of the Arctic territories of the Republic of Karelia

Federal Law No. 193-FZ of July 13, 2020 'On State Support for Entrepreneurial Activity in the Arctic Zone of the Russian Federation' defined a special economic regime in the Arctic.



38% of the territory of the Republic of Karelia is in the Arctic.



Federal incentives for residents of the Arctic zone of the Russian Federation

Corporate Income Tax

0% for 10 years

- Does not apply to projects in the field of mining

Insurance premiums

from wages

7,5 (3,75)%

- For new jobs
- Does not apply to projects in the field of mining

Mineral extraction tax

0,5% of current rate

- Only for new deposits
- Valid until December 31, 2032

Regional tax incentives for residents of the Arctic zone of the Russian Federation

Taxes	First 5 Years	Next 5 Years
Corporate Income Tax	0%	5%
Property Tax	0%	1,1%
Land Tax	0%	0-1,5%
STS* object 'incomes'	1%	3%
STS* object 'incomes-expenses'	5%	7%

*Simplified Tax System



Administrative preferences for residents of the Arctic zone of the Russian Federation



Protecting the interests of residents of the Arctic zone



Conducting inspections **only by agreement** of the Ministry for the Development of the Russian Far East and **in a shorter time frame**



Provision of land plots in state or municipal ownership, **without bidding**



The **free customs zone procedure** for the facilitated and equipped areas of the residents of the Arctic zone



Simplification of approval **procedures** during construction

The work of checkpoints in the Arctic zone of the Russian Federation

Checkpoints on the state border of the Russian Federation in the Russian Arctic operate in accordance with special rules.



In the implementation of customs and other types of control, the 'one window' mechanism is implemented.



Sanitary-quarantine, veterinary and phytosanitary quarantine control (supervision) of goods and vehicles at state border checkpoints located in the Russian Arctic is carried out by customs authorities.



The work of the state control authorities at the checkpoints of the Arctic zone is carried out around the clock.



The documents required for the implementation of control measures (with the exception of identity documents) may be submitted to the customs authority in e-form.

Free Customs zone

A resident of the Russian Arctic has the right to apply the procedure of a free customs zone (FTZ). This measure is aimed at entrepreneurs interested in exporting products and using imported equipment.



Russian goods are placed and used **with the payment of excise duty** and without payment of export customs duties.



STZ can be created on the equipped sites of **residents of the Arctic zone**.



Foreign goods are placed and used **without paying customs duties and VAT**.

Benefits for residents of the Arctic zone of the Russian Federation

Free of customs duties and VAT

The use of **imported equipment** and components for production purposes on the territory of the land.

The use of **imported components** in assembly production during the subsequent export of goods.

Payment of duties either for individual components or for the whole product.

The use of **imported components** in the assembly of imported components in the production of subsequent sales of goods in the territory of the Customs Union.



Criteria for Applicants for Resident Status of the Arctic zone

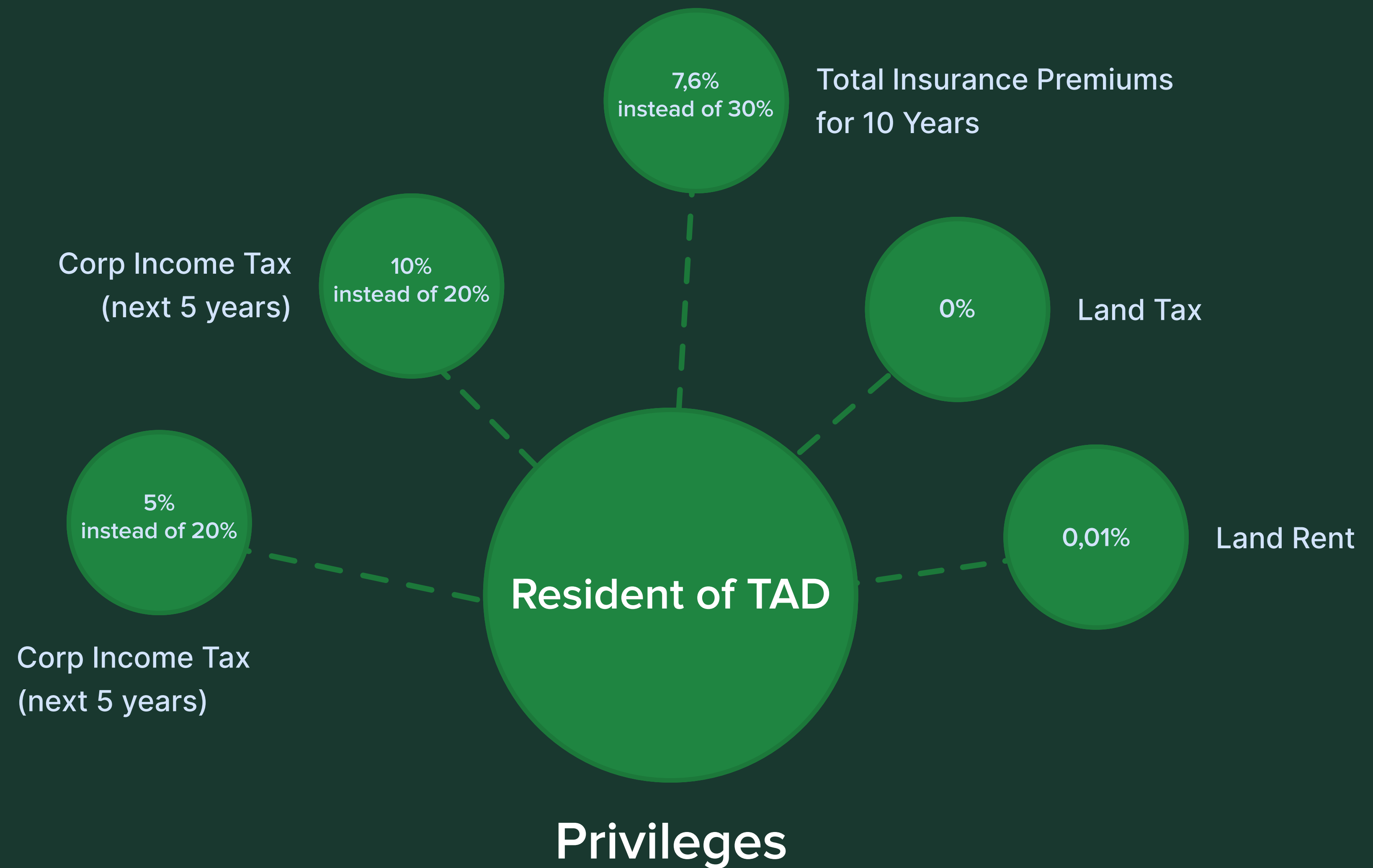
- Individual entrepreneur or legal entity
- Registration on the territory of the Arctic zone of the Russian Federation
- The minimum amount of capital investments in an investment project must be at least 1 million rubles (excluding VAT)
- The investment project or line of business must be new to the applicant at the time of application

A new project is a project in which, at the time of filing an application, the volume of capital investments made during the implementation of an investment project does not exceed 25% of the total investment provided for by the business plan.

- Lack of the status of a participant of a regional investment project.
- The applicant should not be in the process of reorganization, liquidation, bankruptcy.
- No arrears in taxes and fees, insurance premiums

The managing company of the Republic of Karelia — JSC Development Corporation of the Republic of Karelia

Three territories of advanced socio-economic development (TAD) in the monotowns of Kostomuksha, Kondopoga, Nadvoitsy



Current list of support measures for investors

- Provision of land plots to businesses without bidding
- Lease payment for the use of land plots — 0.01% of the cadastral value of the plot
- Preferential conditions for the purchase of land plots for business activities
- Tax incentives: exemption from corporate property tax and a reduction in the income tax rate
- Investment deduction for corporate income tax
- Assistance in providing loans at a rate from 1% per annum

IN ACCORDANCE WITH THE LAW OF THE REPUBLIC OF KARELIA DATED MARCH 5, 2013 NO. 1687-ZRK
'ON STATE SUPPORT OF INVESTMENT ACTIVITIES IN THE REPUBLIC OF KARELIA'



Subsidies from the budget of the Republic of Karelia for partial compensation of costs

- To pay interest on loans in the amount of the key rate of the Central Bank of the Russian Federation + 2%
- For construction (reconstruction) and (or) acquisition for own needs of buildings, structures, objects of unfinished construction — up to 90%
- For the purchase of machinery and equipment — up to 90%
- To create the infrastructure necessary for the implementation of investment projects





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THANK YOU FOR ATTENTION!

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