

A PortSEZ on the INSTC in the Astrakhan Region





Legal framework for creation of a port SEZ in the Astrakhan Region. International North-South Transport Corridor (INSTC)

SOUTH SEA ROUTE

approx. 14 500 km long

Cargo delivery time: 35 days

INSTC (Transcaspian Route)

approx. 7 200 km long

Cargo delivery time: 17 days

AGREEMENT ON THE INTERNATIONAL NORTH-SOUTH TRANSPORT CORRIDOR September 2, 2000

ORDER of the President of the Russian Federation "On national goals and strategic objectives of the development of the Russian Federation for the period 2025" of May 7, 2018 No.204

INSTRUCTION of the President of the Russian Federation "On socioeconomic development of the Astrakhan Region" of December 12, 2018 Pr 2314

SET OF MEASURES for the development of the INSTC transit potential of June 6, 2019 Pr 1002

DECREE OF THE GOVERNMENT OF THE RUSSIAN FEDERATION of November 7, 2020 No.1792 "On the creation of a port special economic zone and the Caspian on the territory of the Astrakhan Region"

INSTC is the main route for transportation of cargoes from India, Southeast Asia, Africa and the Middle East to Europe and back, bypassing the Suez Canal





“We support the project of the International North-South Transport Corridor. Its launch will allow to deliver cargo **2,5 times faster** than today – which is up to **25 million tons annually** from European countries through Iran to the Near East, Middle East and South Asia”
(The President of Russia Vladimir Putin, the Fifth Caspian Summit, 12.08.2018)

Prospective cargo base

Data source	The Government of the RF	RFTA*	The UN Report	HPC**
Mln ton per year	25	41	20-30	19

* Russian Foreign Trade Academy

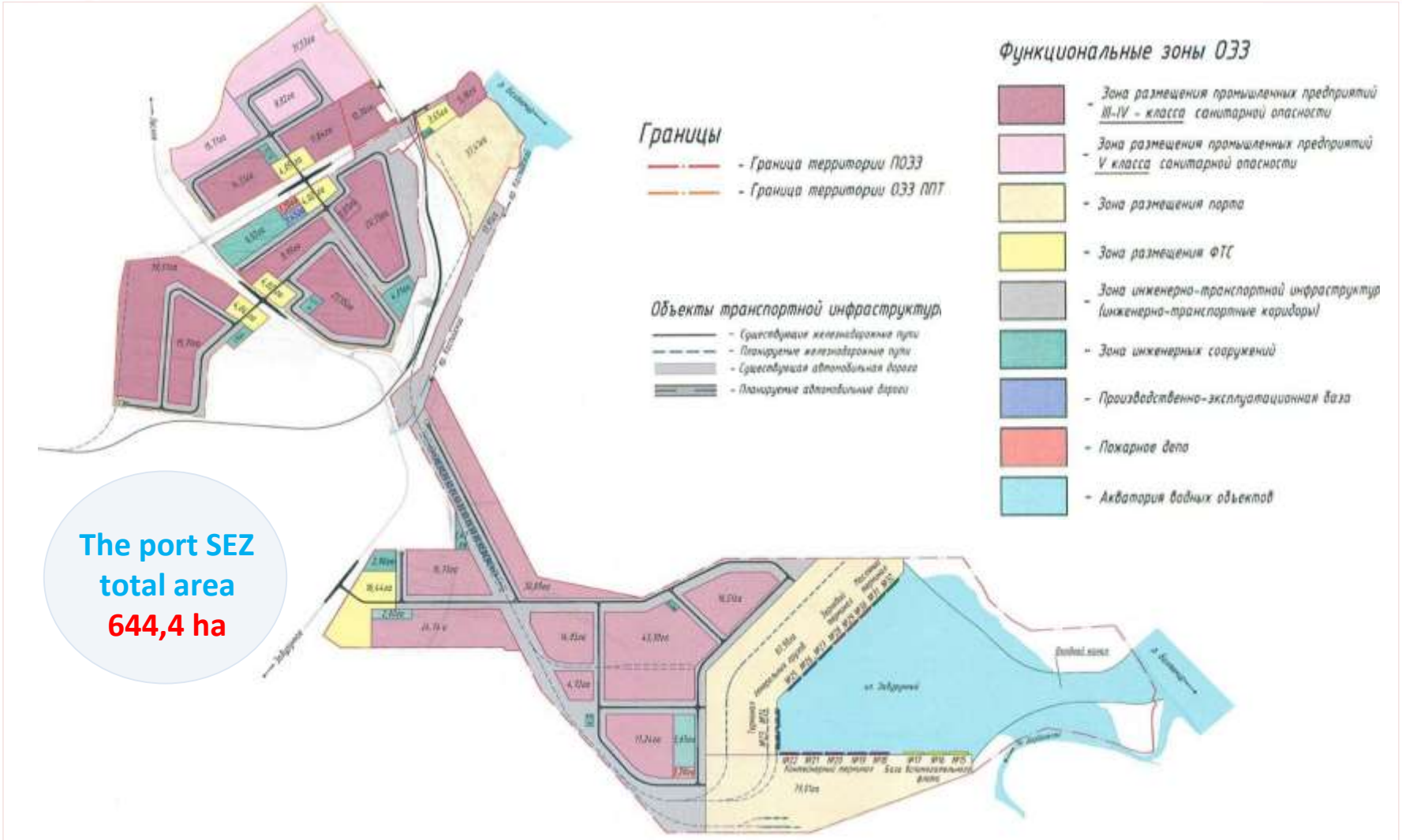
** The study of the prospective cargo base was conducted by Hamburg Port Consulting for the planned private port in the port SEZ.

Main types of cargo

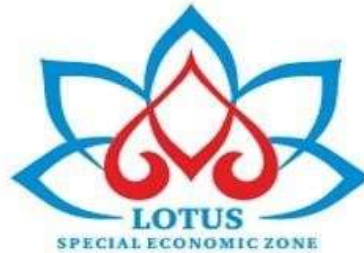
- Chemical products;
- Agricultural products and fertilizers;
- Project cargo;
- Metal products;
- Oil;
- Other containerized cargo (including refrigerator containers, tank-containers etc.)

Main exporters, importers

Russia, Germany, Belarus, India, Azerbaijan, Turkmenistan, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Uzbekistan, Persian Gulf countries



DECREE OF THE GOVERNMENT OF THE RUSSIAN FEDERATION of November 7, 2020 No. 1092 "On the creation of a port special economic zone and the Caspian Cluster on the territory of the Astrakhan Region"



A PORT SPECIAL ECONOMIC ZONE TENANT HAS THE RIGHT TO CARRY OUT **PORT ACTIVITIES AND (OR) CONSTRUCTION, RECONSTRUCTION AND OPERATION OF PORT INFRASTRUCTURE FACILITIES**

The port activity is the following activity performed **at port**

- goods warehousing, storage and other service typically rendered in a seaport, port, airport according to the international contracts of the Russian Federation and the Russian Federation legislation
- provision (including with marine stores, board supplies) and equipment of vessels, aircraft
- production, repair, maintenance, modernization of seagoing river and aircraft, aerotechnics, including aviation engines and other components
- water biological resources processing
- preparation, operations of goods for sale and transportation (packing, sorting, repacking, lot dividing, marking and similar operations)
- simple assembly and other operations, execution of which does not considerably change goods condition according to the list approved by the Russian Federation Government
- exchange trade in goods
- wholesale trade in goods
- provision of port special economic zone infrastructure facilities functioning
- production activity according to the port special economic zone activity agreement

TAX CONCESSIONS

VAT

~~20%~~ **0%** works (services) in the port special economic zone are not subject to taxation

INCOME TAX*

~~20%~~ **2%** for 10 years starting from the moment of profit-making. After this period the income tax is 10%

PROPERTY TAX*

~~2,2%~~ **0%** for 12 years starting from the date of registration of the property rights

LAND TAX*

~~1,5%~~ **0%** for 5 years starting from the date of registration of the land plot property rights

TRANSPORT TAX*

~~UP TO 2,5 EURO FOR 1 HP~~ **0%** for 12 years starting from the date of vehicle registration



* the taxation conditions are taken from the laws applicable to the existing industrial production SEZ Lotus and will be defined for the port SEZ in the nearest future

CUSTOMS CONCESSIONS

IMPORT CHARGE

~~ACCORDING TO LAWS~~ **0%** foreign goods (raw materials, equipment, spare parts)

VAT FOR IMPORT

~~20%~~ **0%** foreign goods (raw materials, equipment, spare parts)

EXPORT CHARGE

0% outside the territory of the Customs Union (Russia, Kazakhstan, Belarus)

VAT FOR EXPORT

0% outside the territory of the Customs Union (Russia, Kazakhstan, Belarus, Armenia, Kyrgyzstan)

DURATION OF CUSTOMS REGISTRATION

~~72 HOURS~~ **3 HOURS**

GOODS IMPORTED ON THE TERRITORY OF THE PORT SEZ ARE CONSIDERED TO BE PLACED UNDER THE FREE CUSTOMS ZONE PROCEDURE FROM THE DATE OF THEIR IMPORT

SEZ "LOTUS" RESIDENTS ARE SUPPLIED WITH TECHNICAL CONDITIONS ON ENGINEERING INFRASTRUCTURE ON THE BORDER OF THEIR LAND PLOTS

On 3 October 2019 the Government of the Astrakhan Region and PLC Caspy LLC signed an agreement of intent to implement an **investment project** on the territory of the Astrakhan Region.

The construction of a **modern terminal for containers and cargo** on the territory of the new Port SEZ

According to the assessment of Hamburg Port Consulting, the potential cargo turnover of the port will amount to **19 mln tons to 2050**





Work on the Formation of the Cargo Base



The port of Hamburg, the port of Rostock and the German Carrier Association representative BVL Russia **confirmed** their willing to support the development of container cargo delivery along these corridors.

A cooperation agreement is signed between LLC "PLC "Caspy" and LLC "Phoenix" (operator of the Bronka Port in the Leningrad Region).

Перевод с немецкого языка



Port of Hamburg Marketing
 Г-н
 Сергей Милушкин
 Генеральному директору
 Специальной экономической зоны
 АО «ЛОТОС»
 Астрахань,
 Российская Федерация

Уважаемый господин Милушкин,

мы с большим интересом изучили Вашу концепцию развития международного транспортного коридора «Север-Юг». В частности, речь идет об оптимизированных и более быстрых отправлениях в и из Индии.

В Европейском Союзе Германия является самым важным торговым партнером Индии и шестым по значимости в мире. С объемом обработки 240 000 TEU в год, индо-азиатская страна входит в десятку самых важных торговых партнеров Гамбурга с растущей тенденцией. Основными экспортными товарами из Индии являются химические продукты, металлы и металлоемкие изделия, а также текстиль, одежда, кожа и консалгентерия. Наиболее важными экспортными товарами, отправляемыми через порт Гамбурга в Индию, являются машины, оборудование и бытовой техника, металлы и изделия из металла, а также химические продукты. Ежедневно, в Гамбург прибывают три полных контейнерных лайнера из Индии. Кроме того, Гамбург также является важным портовым пунктом для генеральных грузов и вместе с многочисленными крупногабаритными судоходными компаниями образует важный порт для генеральных грузов, тяжелых грузов и паравозов типа RoRo.

С 2011 года Порт Гамбурга имеет Представительство в самом важном портовом городе Индии Мумбаи, тем самым подтверждая, что мы настроены на позитивное развитие экономических отношений с Индией. Ввиду этого факта мы также заинтересованы в доставке товаров из и в Гамбург по новым транспортным коридорам.

Мы приветствуем Вашу идею о расширении коридора «Север-Юг» до стартового и финишного узлов Гамбурга и будем рады возможности для дальнейшего обсуждения и дискуссий.

С наилучшими пожеланиями

Det. Ingo Egloff
 Председатель

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 www.portofhamburg.de

Vertrag Nr. 00001, Top-Effort
 Amtsgericht Hamburg Nr. 158/9
 USt-IdNr. DE 140121000

Commerzbank AG
 BIC: COBA33HAN33
 IBAN: DE 44 2512 0510 0001 0001 0001 00

Hamburger Sparkasse
 BIC: HSH233HAN33
 IBAN: DE 25 1205 0010 0001 0001 0001 00



Work on the Formation of the Cargo Base

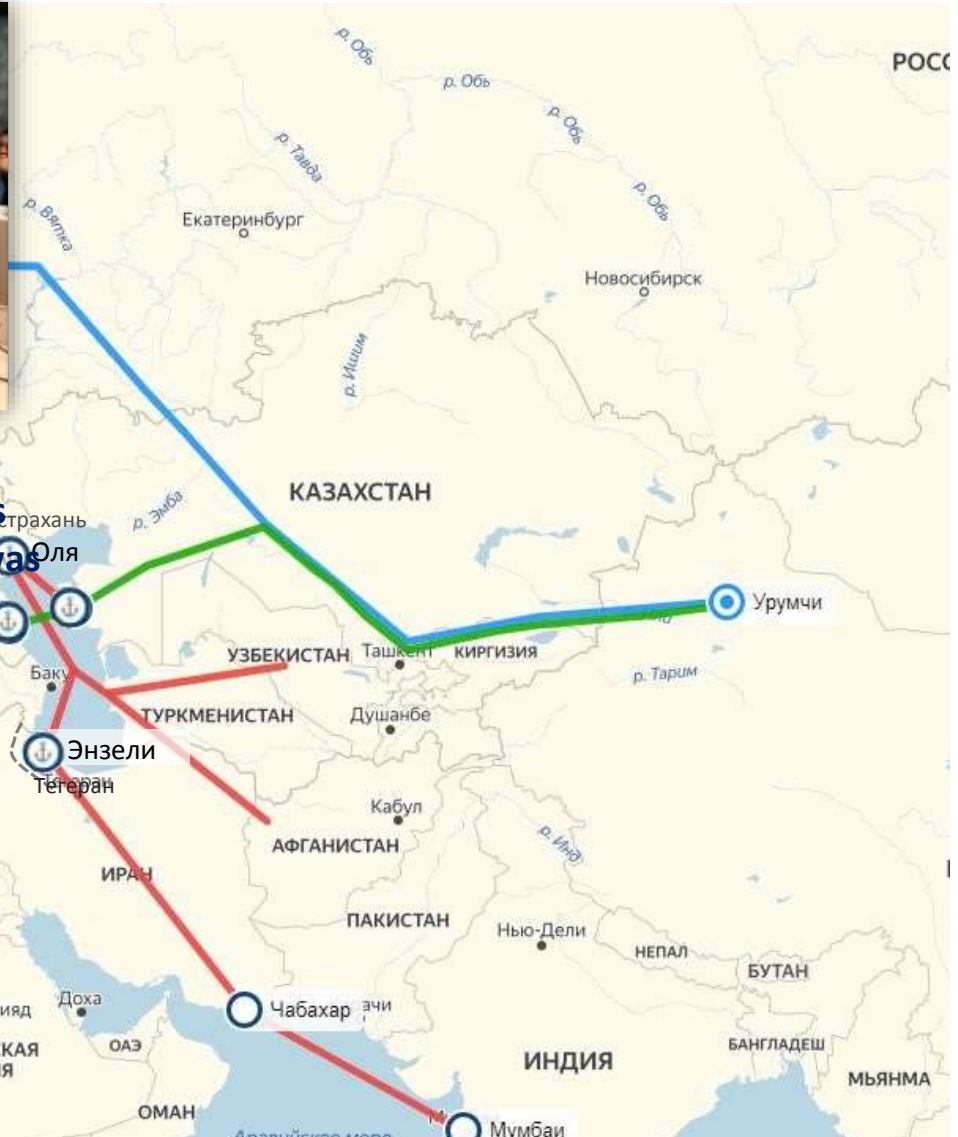
РОССИЯ



On July 10, 2019 a meeting supported by governmental authorities with the business representatives from Russia, India and Iran was held in New Delhi (India)

The MINUTES of the meeting confirm:

- the cargo base in India and intention of Indian carriers to deliver goods along the INSTC, including through Iran
- the readiness of all members to start first test containers deliveries along the North-South and West-East ITCs through the Astrakhan Region



The Establishment of the International Work Group for the INSTC Development

Professional community incorporating representatives of special economic zones, ports and logistics companies for working out proposals for the INSTC development



Work Group members:

Special Economic Zone LOTUS, JSC
Port & Logistics Company Caspiy LLC
Chabahar Free Economic Zone
Anzali Free Economic Zone
MSCC Bronka (Fenix LLC)
Port of Hamburg Marketing e.V.
Port Rostock GmbH
Port of Kuryk
SEMURG INVEST
Ust Luga PTK LLC
BVL Chapter Russia
Star Overseas Ltd.
Turkmen Milli Logistic, etc.

Creation of a Test Container Line



Work is underway to form **a regular container line** between the ports of the Astrakhan Region and the Islamic Republic of Iran as part of order to organize test container shipments from the Set of Measures for the development of the INSTC Transit Potential.



Welcome!

Special Economic Zone LOTUS, JSC

Director General Sergey Milushkin

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Special economic zone of industrial production type Lotus (SEZ Lotus) and a port special economic zone (port SEZ)

SEZ Lotus and a port SEZ are located in the Astrakhan region at the intersection of the International North-South Transport Corridor (the INSTC) and the north part of the Great Silk Way. The Astrakhan region has borders with the countries of the Caspian Sea. There are 8 states within a radius of 1000 km from the Astrakhan region with a total population of more than 300 million people.

Such advantageous geopolitical location of SEZ Lotus and a port SEZ makes them the only special economic zones in Russia that have access to the markets of the countries of the Caspian Sea, India, the countries of Southeast Asia and the Middle East. Under the conditions of an active development of the International North-South Transport Corridor, implementation of a project on the territory of special economic zone in the Astrakhan region is the best solution for a company, planning to enter this market.

The INSTC that runs through the Caspian Sea and the Astrakhan region, is the shortest and the most cost-effective route for cargo deliveries from India, Southeast Asia, Africa and Middle Eastern countries to Europe and back. The main advantages of the INSTC compared to other routes, in particular over the route running through the Suez Canal, are distance reduction by more than half, time saving for container cargos transportation from 37 to 15-17 days, and 30% reduction of transportation costs.

Industrial production special economic zone Lotus (SEZ Lotus) was established in the Astrakhan region according to the Decree of the Government of the Russian Federation №1214 of November 18, 2014. Currently, in SEZ Lotus there are 16 tenants with more than 30 billion rubles of the declared investments, including companies from Russia, Italy, Azerbaijan and Iran. Tenants are provided with engineering infrastructure, the roads are being built, development of the territory continues.

According to the set of measures for the development of the INSTC transit potential on November 7, 2020 the Decree of the Government of the Russian Federation on the creation of a port special economic zone in the Astrakhan region, which will be united with the industrial-production SEZ Lotus into the Caspian Cluster, was launched. Construction of a new port and logistics complex with a modern container terminal will be the anchor project.

SEZ Lotus tenants can carry out various types of industrial and production activities. It is possible to establish enterprises of five hazard classes. An additional advantage is the proximity to the markets of shipbuilding and the oil and gas industry - oil and gas companies are implementing their long-term projects in the Astrakhan region and on the shelf of the Caspian Sea; large and medium-sized shipbuilding

enterprises (including divisions of the United Shipbuilding Corporation) operate in the region.

Considering the political and economic situations, the most promising industries for arranging production on the territory of SEZ Lotus are shipbuilding, production of equipment and components for oil and gas industry, chemical industry, food processing industry, pharmaceutical and other high-technology industries. The industries are determined on the basis of considerable level of recourses in the Astrakhan region and in the Southern Federal District. JSC SEZ Lotus provides the tenants with the needed amount of such resources as water, gas, electricity.

A tenant of a port SEZ may carry out the following port activities:

- goods warehousing, storage and other service typically rendered in a port;
- provision and equipment of vessels;
- production, repair, maintenance, modernization of sea-going, river vessels and other components;
- water biological resources processing;
- preparation operations of goods for sale and transportation (packing, sorting, repacking, lot dividing, marking and similar operations);
- simple assembly and other operations, execution of which does not considerably change goods condition according to the list approved by the Russian Federation Government;
- exchange trade in goods;
- wholesale trade in goods;
- provision of port special economic zone infrastructure object functioning;
- production activity according to the port special economic zone activity agreement.

Tenants of special economic zones would have the following preferences:

- tax and customs concessions (according to the laws of the Russian Federation);
- free connection to utility infrastructure;
- a “one-stop shop” system breaking administrative barriers in business operations;
- powerful logistic capabilities (rail, road and ship transport);
- preferential land lease terms, possibility to buy a land plot upon completing the construction of the real estate item on the land plot.

The project of an industrial production special economic zone tenant should provide at least 120 million rubles investment in his own production and this amount contains such expenses as construction of industrial facilities, equipment costs and other operating expenses necessary for commencement of works. The project of a port special economic zone tenant should provide at least 400 million rubles

investment for the construction of the port infrastructure and at least 120 million rubles for the reconstruction of the port infrastructure.

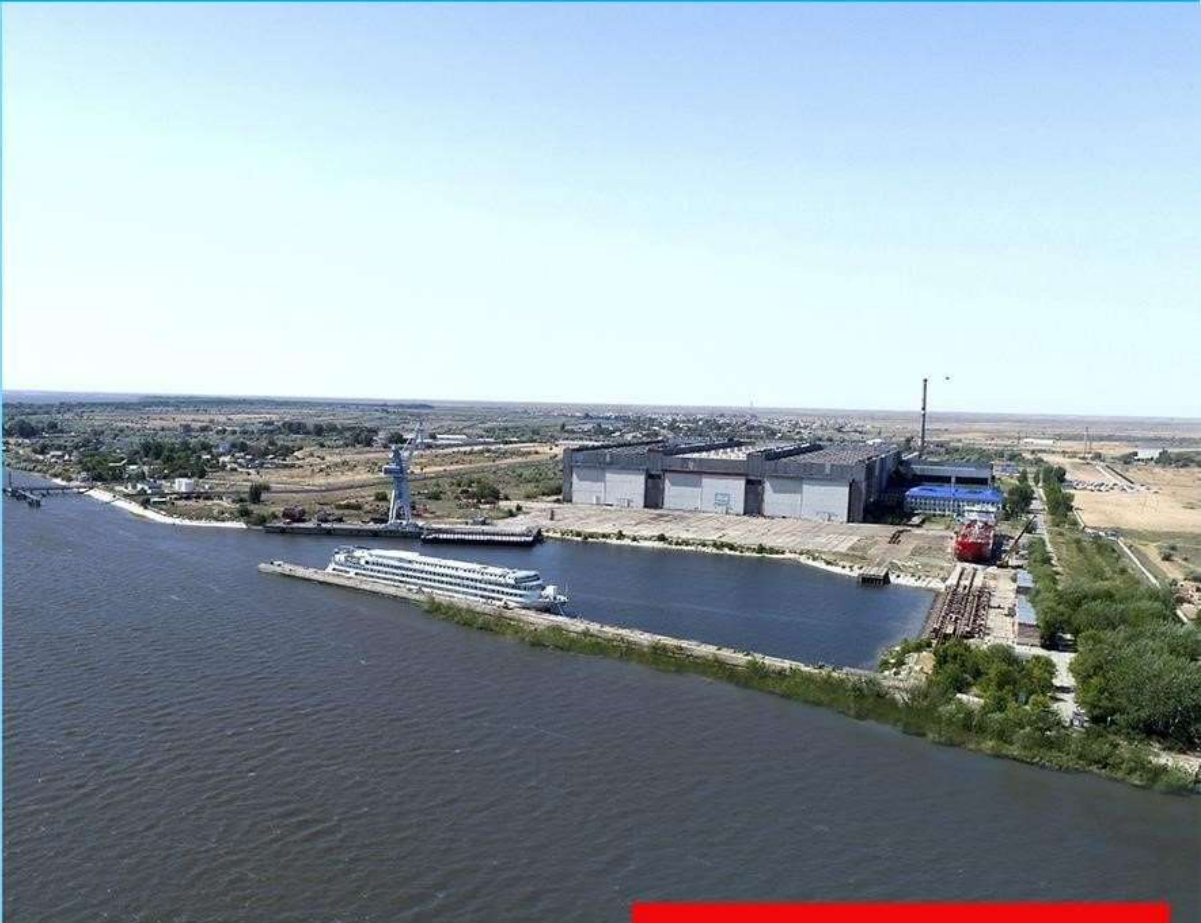
To obtain a tenant status, a business plan must be developed. After a successful presentation of the business plan the company concludes an agreement on industrial production activity with the Government of the Astrakhan region and JSC SEZ Lotus. Within three years of the date of conclusion of the agreement on carrying out activity a tenant is obliged to make capital investments in the amount not less than of forty million rubles. The tenant status is valid until the year 2063 for SEZ Lotus tenants (until the year 2069 for the port SEZ tenants).

More information about the advantages of establishing an investment project on the territory of SEZ Lotus and the port SEZ you can get by visiting the official website www.sezlotos.ru

Taking into account the governmental support from the Russian Federation and the Astrakhan Region for creating SEZ Lotus and the port SEZ, active development of the INSTC, broad economic relationships with neighboring states, as well as a lot of preferences for business, we would like to invite you to become a tenant of our special economic zones and implement your project.

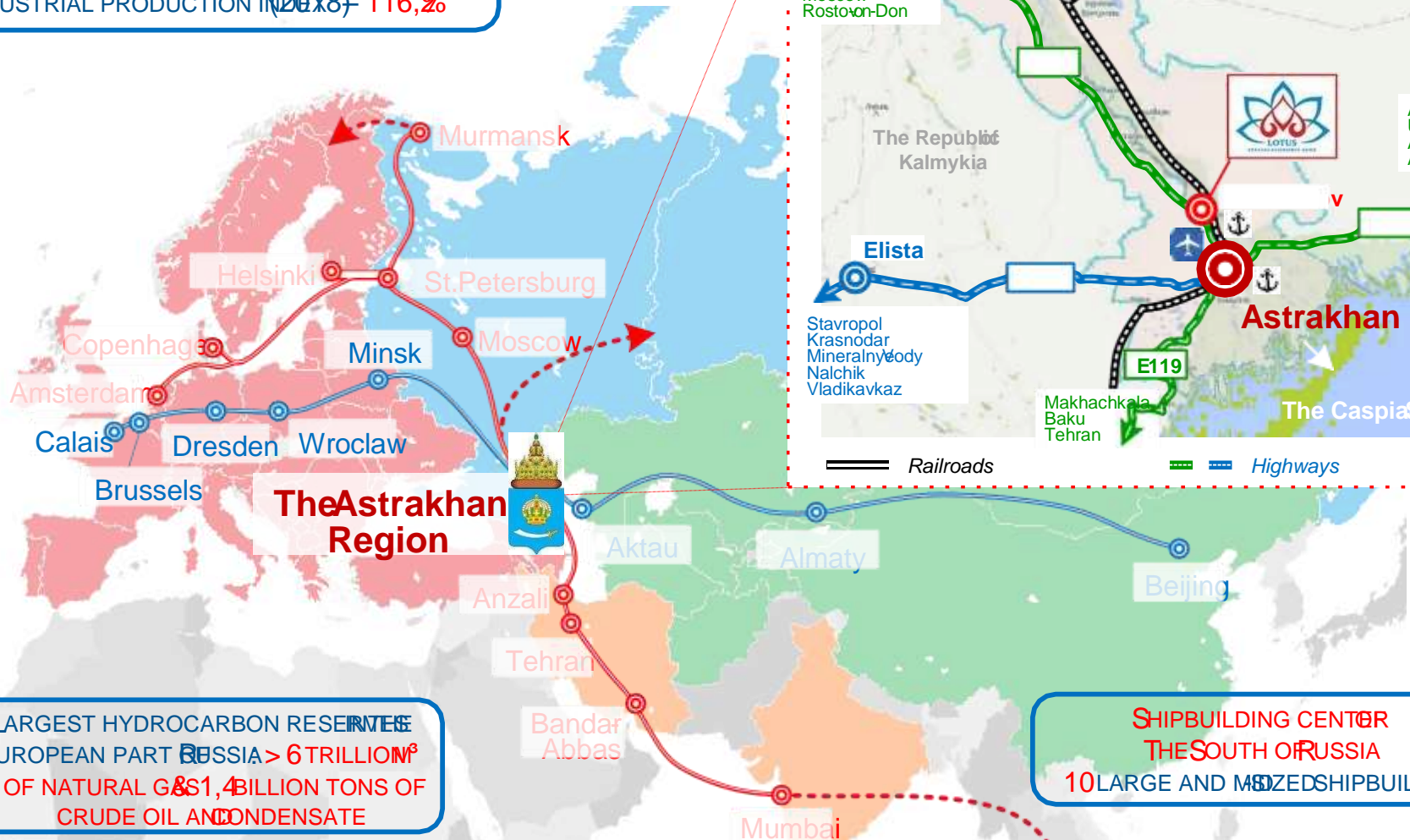


The Astrakhan Region Special Economic Zone "Lotus"



Logistic Advantages for SEZ «Lotus» Tenants

AREA OF THE ASTRAKHAN REGION 52900km²
 POPULATION 1 MLN PEOPLE
 GRP- 421 BLN RUB
 INDUSTRIAL PRODUCTION IN 2018- 116,2%



LARGEST HYDROCARBON RESERVES IN THE EUROPEAN PART OF RUSSIA > 6 TRILLION M³ OF NATURAL GAS & 1,4 BILLION TONS OF CRUDE OIL AND CONDENSATE

SHIPBUILDING CENTER THE SOUTH OF RUSSIA 10 LARGE AND MEDIUM SIZED SHIPBUILDERS

THE ASTRAKHAN REGION IS AN OPPORTUNITY TO PARTICIPATE IN EURASIAN INTERNATIONAL TRANSPORTATION ROUTES AND BE CLOSE TO THE STATES WHICH ARE THE MAIN RELATION PARTNERS WITH THE CASPIAN SEA AND THE SOUTH CAUCASUS

Leading Companies of the Astrakhan Region

Shipbuilding & Shiprepairing

Extraction and processing
of natural resources
(salt, gypsum)



Engineering and
metallurgy

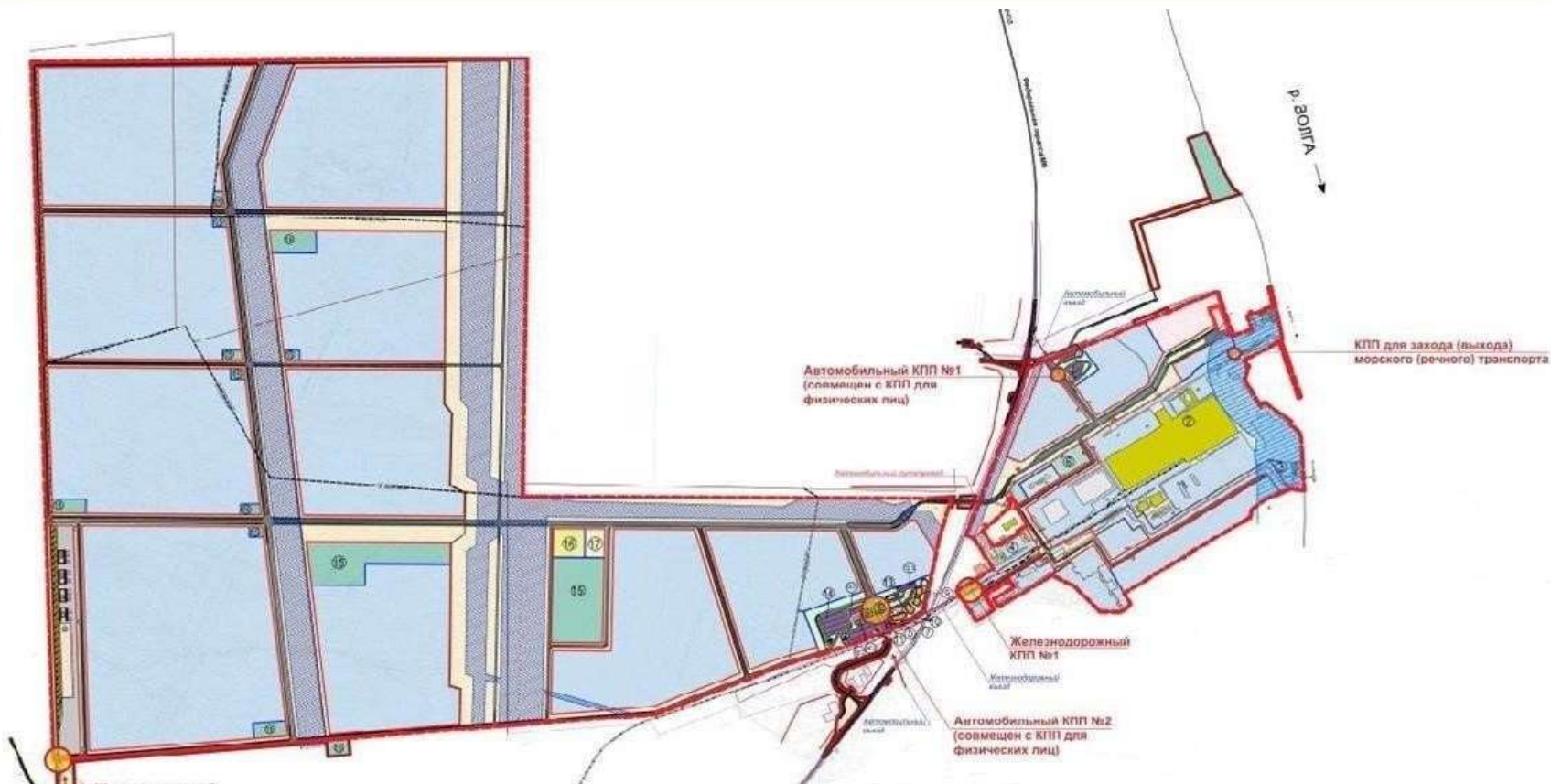
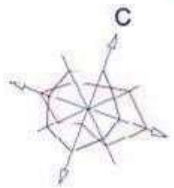


Extraction and
processing of oil and
gas, services, raw
material transportation



Light industry





The Resolution of Astrakhan Region Government of 06.04.2015 №123 "On Establishment of JSC "SEZ LOTUS"

SEZ "Lotus" was established according to the Decree of the Russian Federation Government N 1214 of November 18, 2011



Functions of the administrative company

- Infrastructure construction and functioning;
- Attracting tenants and other investors to SEZ;
- SEZ area design;
- Other functions.

9,9 mlm²

SEZ total area

6,3 mlm²

Area of the land plots for tenants

Above 11 bln rub.

Planned infrastructure investments until 2024

16 companies

Number of operating companies

1412

Economic Zone

Declared amount of workplaces

3061 bln rub.

Declared investments

“LOTUS”

SEZ “Lotus” Main Areas of Activity




SHIPBUILDING AND PRODUCTION COMPONENTS




- ⊙ Production of ship systems
- ⊙ Production of shipboard equipment
- ⊙ Production of shipbuilding components

PRODUCTION OF OIL & GAS EQUIPMENT AND COMPONENTS



- ⊙ Production of oil & gas drilling equipment
- ⊙ Production of components for oil & gas equipment

H-TECH INDUSTRIAL PRODUCTION



- ⊙ Mechanical engineering
- ⊙ Production of cranes and equipment
- ⊙ Production of polymers
- ⊙ Medicine and pharmacology

Access of SEZ "Lotus" tenants to markets

United Shipbuilding Corporation

Development of the Caspian shelf
(Projects of PJSC "Lukoil", Russia)

Markets of Russia & Caspian bordering

(80% of Russia`s **the Caspian-bordering countries**) and ITC “North-South” shipbuilding) participating countries

Additional government support measures and benefits for tenants



Strategy of the development of shipbuilding industry of the Russian Federation
(Decree of the Russian Federation Ministry of Industry and Trade No 954)



Participation in Import Substitution programs For shipbuilding
(Decree of the Russian Federation Ministry of Industry and Trade No 320)



Support under the plans of assistance to substitution.



Conclusion of special investment contracts providing purchase of 30 % of manufactured goods.



Target loans at reduced rates of Industry Development Fund



The Export Center of Russia support

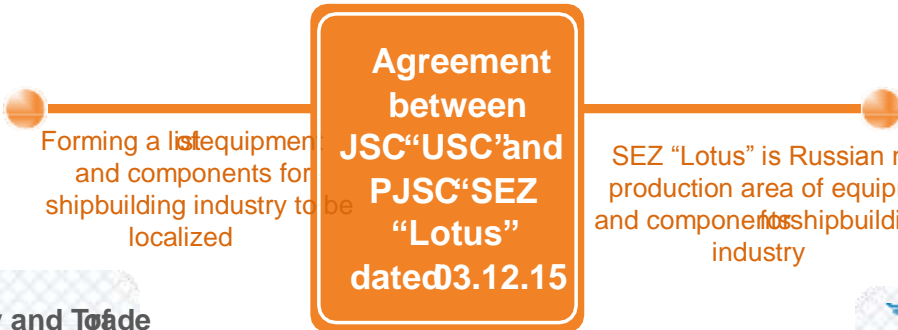


Participation in shipbuilding cluster projects of the Caspian
(Reimbursement of up to 50% of expenses for joint projects).



Participation in oilfields exploration of the Caspian
(Russia, Azerbaijan, Iran, Kazakhstan, Turkmenistan)

Participation of SEZ “LOTUS” in Establishing Shipbuilding and Oil&Gas Industry Markets



Forming a list of equipment and components for shipbuilding industry to be localized

Agreement between JSC "USC" and PJSC "SEZ "Lotus" dated 03.12.15

SEZ "Lotus" is Russian main production area of equipment and components for shipbuilding industry



- Ministry of Industry and Trade of the Russian Federation
- Ministry of Economic Development of the Russian Federation
- Ministry of Transport of the Russian Federation
- Ministry of Energy of the Russian Federation

JSC "USC" (80% of Russia's shipbuilding) main executor of the government program "Development of shipbuilding and offshore equipment 2013-2030"

- Chamber of Commerce and Industry of Russia
- Russian Union of Industrialists and Entrepreneurs
- Industrial Parks Association
- National Association of Gas Service
- "Business Russia"
- Strategic Initiative Agency
- "Opora Rossii"
- "RosNano"
- SOYUZ KRAH "SoyuzKran"
- Technopolis Moskva
- Technopolis Skolkovo
- Italian-Russian Chamber of Trade
- Japanese Association of TOBO
- Korean Agency KOTRA
- Italian Association Assolombarda
- VDMA
- UNIDO



TAX CONCESSIONS

INCOME TAX

~~20%~~ **2%** for 10 years from the moment of profit-making. After 10 years the tax is 10%

PROPERTY TAX

~~2,2%~~ **0%** for 12 years starting from the date of registration of the land plot property rights

LAND TAX

~~1,5%~~ **0%** for 5 years starting from the date of registration of the land plot property rights

TRANSPORT TAX

~~UP TO 2,5 EURO FOR HP~~ **0%** for 12 years starting from the date of vehicle registration

LEGISLATION

Acts of the RF legislation on taxes and charges, having bad influence on the SEZ Tenants are not applied



CUSTOMS CONCESSIONS

IMPORT CHARGE

~~ACCORDING TO LAWS~~ **0%** foreign goods (raw materials, equipment, spare parts)

VAT FOR IMPORT

~~20%~~ **0%** foreign goods (raw materials, equipment, spare parts)

EXPORT CHARGE

0% outside the territory of the Customs Union (Russia, Kazakhstan, Belarus)

VAT FOR EXPORT

0% outside the territory of the Customs Union (Russia, Kazakhstan, Belarus)

DURATION OF CUSTOMS REGISTRATION

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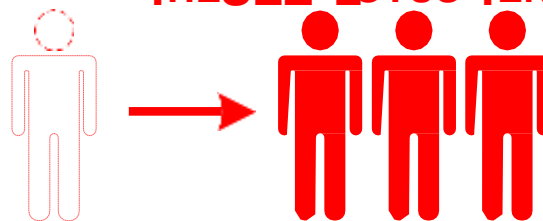
SEZ "LOTUS" TENANTS HAVE SUFFICIENT TAX AND CUSTOMS CONCESSIONS

SEZ "LOTUS" RESIDENTS ARE SUPPLIED WITH TECHNICAL CONDITIONS ON ENGINEERING INFRASTRUCTURE ON THE BORDER OF THEIR LAND PLOTS



Process of Obtaining the SEZ “LOTUS” Tenant Status

THESEZ "LOTUS" TENANTS



READINESS TO INVEST AT LEAST 20 MILLION RUB IN A PROJECT

STEP 1

APPLICATION FOR OBTAINING TENANT STATUS

STEP 2

PREPARATION OF INVESTMENT PROJECT BUSINESS PLAN AND NECESSARY DOCUMENTS

STEP 3

THE BUSINESS PLANS CONSIDERED BY THE EXPERT COUNCIL

STEP 4

CONCLUSION OF AGREEMENT IN PURSUIT OF INDUSTRIAL PRODUCTION ACTIVITY

STEP 5

OBTAINING SEZ MEMBER COMPANY (TENANT) CERTIFICATE

STATUS OF SEZ «LOTUS» TENANTS VALID UNTIL 2063

Current Work of SEZ “LOTUS” with Its Tenants

“Svoyeel” LLC



Production of biodegradable irrigation tubes

“Shipyard “Lotus” LLC



Shipbuilding, ship repairing, metal construction and offshore equipment

“GexaLotos” LLC



Production of geosynthetic materials for construction sphere

“Medintech” LLC



Production of medical syringes of the 3rd generation

“ATERUSS” LLC



Electric machinery production

“MCS” LLC



Production of fiberglass boats

“InProyek” LLC



Production of drones, creation of information analysis center

“Protelux Lotos” LLC



Production of bioprotein from natural gas

Industrial
of the plantDesign

activityPreparation for
worksReceived a status

production



launchConstruction
in 2020

Current Work of SEZ "LOTUS" with Its Tenants

"Rybniye Kormy" JSC



Production of feed and productional feeds for aquaculture facilities

"Stroyliderplus Lotb" LLC



Production of ballast water purification systems for different types of vessels

"Gelios Systems" LLC



Production of photovoltaic solar panels from polycrystalline and single crystalline silicon

"AZKA Composite" LLC



Production of fiberglass pipes

"Naval Design Mezhdunarodny" LLC



Production of ship panels

"ROSA" LLC



Production of household chemicals of Iranian trademarks

"Technologies XXI century" JSC



Production of hulling brushes and abrasive materials

"Astrakhan plant of medical goods" LLC



Production of nitrile exam gloves

Industrial



activity
Preparation for
production
launch
Construction of the
plant
Design
works
Received
a status in
2020

Conditions for Business in the Astrakha Region



GOVERNMENTAL SUPPORT OF BUSINESS



“ONE STOP SHOP” PRINCIPLE



PREPARATION OF ENGINEERING PERSONNEL



CULTURE AND TOURISM



ATHLETICS



HEALTHCARE SYSTEM





CONTACTS



Welcome to SEZ «Lotus»!

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Economic Zone «LOTUS» Director
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