Investor's Guide
Perm Territory

2015

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The Guide was developed in association with the Ministry of Economic Development of the Perm Territory and it based on information given by the Ministry of Economic Development of the Perm Territory.
This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice.

The publication contains information as of February 2015.

Photos, used in the Guide, have been granted by the press-service of the governor of the Perm Territory, leading regional enterprises and organizations as well as by the photographer, V.E. Zarovnyannykh.

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Introduction by Governor of the Perm Territory

Dear friends,

Welcome to the Perm Territory, a multifaceted and economically developed region located right in the heart of Eurasia, on the border of the European and Asian parts of the continent.

Since the 18th century, the Perm Territory has been one of Russia's industrial strongholds, playing a key role in trade relations between East and West.

Today, our region is a symbol of industrial might, rich subsoil reserves, a great cultural heritage and exceptional human potential. The Territory is one of Russia's largest centres of mining and mineral production (oil, gas, saline, chromite ores, etc.). It also hosts many successful engineering, chemical and petrochemical, metallurgical, fuel and woodworking enterprises. There are also several high-tech manufacturers in the region such as plants producing airplane and rocket engines, helicopter equipment, communication and navigation systems, unique types of chemicals, oil-injected and gas compressor equipment. Enterprises of the Perm Territory are well-known globally. For instance, they supplied equipment for the development of a cosmodrome in French Guinea and for the Large Hadron Collider. The high concentration of scientific and research universities and solid academic framework put the region to the forefront of Russia's scientific and technological efforts.

The Perm Territory offers its business partners developed transportation and energy infrastructure, a rich reserve base, professional labour force and the creative minds of engineers and specialists, all of which makes the most challenging projects in any field a real possibility.

Many business people from different countries have already taken advantage of opportunities offered by the Perm Territory. This manifests itself in consistently growing inflow of investment and successful large-scale investment projects carried out by both Russian and foreign companies.

You have the opportunity to become one of the region's many success stories. I am sure that this publication now in your hands will give you an in-depth view of business opportunities available in our region and will also help you in making the right investment decision.

Welcome to the Perm Territory!
Let's build the future together!

Viktor F. Basargin
Governor of the Perm Territory

Introduction by PwC Russia's Managing Partner

Dear friends,

This is the Investor's Guide for the Perm Territory, which has one of the most favourable environments for investment among Russia's regions.

The Perm Territory is a large industrial area and one of Russia's largest manufacturing industry centres. The region is rich in natural resources and has a powerful and diversified industrial complex (oil, chemicals and petrochemicals, ferrous and non-ferrous metals, heavy engineering, timber industry, etc), a well-developed transportation infrastructure, a substantial surplus of generating capacity, and high scientific and human capital potential. Furthermore, the Perm Territory is currently one of Russia's largest cultural centres.

Foreign investment trends in the Perm Territory only confirm its favourable investment climate. In 2013, foreign investments here almost grew threefold to reach around USD 3 billion.

In recent years, the Perm Territory has actively developed its innovation infrastructure. For instance, 2013 saw the start of construction of the Technopolis «Novy Zvezdny» — Rocket Engine Technology Innovative Territorial Cluster, which will become the primary facility for the National Centre for rocket engine-building by 2020. The region is also eagerly developing the Perm innovative cluster for fibre-optic technologies «Fotonika», which will focus on photonics and optoelectronic engineering. In addition, business incubators that have been created in leading regional universities also host innovative start-up projects.

The Government of the Perm Territory is also actively involved in supporting and promoting investment activity in the region. It has developed the Territory Investment Strategy along with regional development institutions to provide investors with extensive administrative support (i.e. support of investment projects using a «one-stop-shop» approach, providing access to large relevant database of investment sites, granting of tax preferences, etc.)

This Guide is intended for potential investors to assess the investment opportunities and competitive advantages of the Perm Territory, as well as identify local prospects for business development.

We are sure that this publication will be of invaluable assistance to potential investors in their projects. We wish the authorities of the Perm Territory all the best success in their efforts for building a prosperous economy.

Igor Lotakov
Country Managing Partner
PwC Russia

General information

The Perm Territory is one of the most economically developed constituent entities in the Russian Federation, featuring advanced regional industry, as well as high business and cultural activity. The region has already proven to be very attractive for investors. The Perm Territory was created on 1 December 2005 following a referendum, which took place on 7 December 2003 through the merger of the Perm Region with the Komi-Permyak Autonomous District.

Brief information

- Total area: 160,200 sq. km;
- Population: over 2.64 million people (75% are urban residents);
- The region capital is Perm (area: 799 sq. km, population 1.04 million people, located 1,158 km due East from Moscow);
- Other major cities: Berezniki (149,000 people), Solikamsk (96,000 people) and Chaikovskiy (83,000 people);
- Mineral resources: oil, natural gas, mineral salts, diamonds, chromite ores, peat, limestone, precious, semi-precious and facing stones and constructional materials;
- Key industries of the regional economy include oil, chemical and petrochemical, ferrous and non-ferrous metallurgy, heavy engineering, and forestry;
- In 2013, the gross regional product of the Perm Territory came to RUB 893.4 billion.

The Perm Territory today

- One of the largest minerals and raw materials production centres in Russia (oil, natural gas, salines, diamonds, chromite ores, limestone and precious stones);
- One of the largest centres of the processing industry in Russia with clear specialisation (chemicals and petrochemicals, heavy engineering, metallurgy, forestry and paper-pulp industry);
- One of the largest centres generating highly skilled labour for Russia's heavy engineering industry (production of aviation and rocket engines, combustion technologies, gas compressor units and gas-turbine power plants, oil field equipment, digital and optical-fiber transmission system equipment and navigation equipment);
- One of Russia's largest transportation hubs, which, among other things, provides access via water to the Caspian, Azov, Black, Baltic and White Seas;
- This region has extensive energy surplus allowing for new connections;
- The region is very attractive for large-scale cultural and international sports events;
- The region also hosts international exhibitions.

Key competitive advantages of the Perm Territory

- Rich and versatile available mineral resources;
- Ample forest, water and water power resources;
- Powerful diversified industrial complex;
- Advantageous geographical position and high transit importance for Russia's transportation network allowing for the movement of cargo via all types of transportation (automotive, rail, air and river);
- Large supply and high availability of energy resources;
- Availability of advanced scientific and technological potential and a system able to produce highly skilled labour;
- Availability of qualified labour at a moderate salary level;
- The region has a highly developed investment strategy.

The Perm Territory is a constituent region of the Russian Federation and part of the Volga Federal District. The Territory is located in the Eastern European part of Russia (in the Cis-Ural region) and the western slopes of Central and Northern Ural - 99.8 % of its area is located in Europe and 0.2 % – in Asia.
The city of Perm is the territory's administrative centre. The Territory borders on the North with the Republic of Komi, on the North-West with the Kirov Region, on the West with the Republic of Udmurtia, on the South with the Republic of Bashkortostan, and on the East with the Sverdlovsk Region.

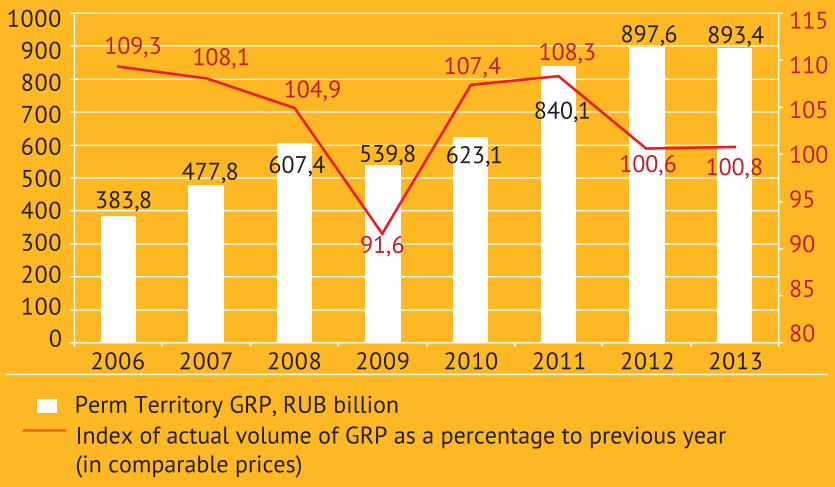
Economic potential

Gross regional product

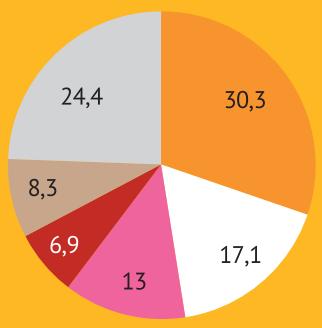
The gross regional product (GRP) of the Perm Territory was RUB 893.4 billion in 2013. The share of the Perm Territory's GRP in Russian GDP was 1.35% in 2013.

In 2013, manufacturing (30.3%), mineral production (17.1%), wholesale and retail trade (13.0%) accounted for the largest share of the Perm Territory's GRP. Manufacturing (105.8%), agriculture, hunting and forestry (104.1%), and mineral production (103.3%) were the drivers of economic growth in the region for 2009-2013.

Gross regional product of Perm Territory in 2006 – 2013

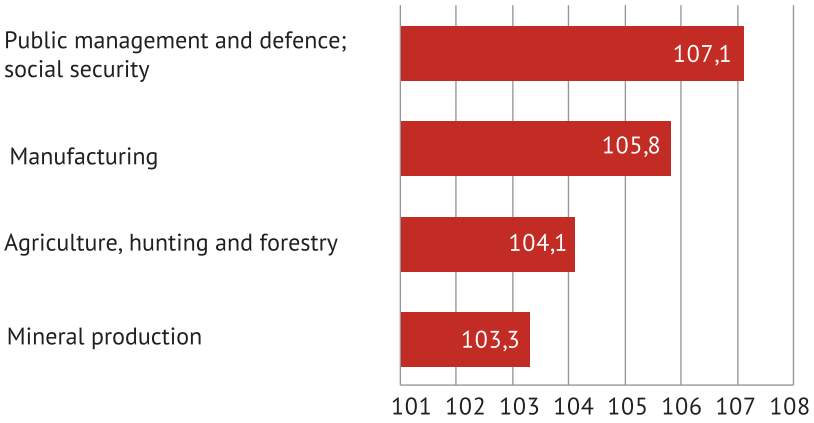


Perm Territory GRP structure by industry in 2013, %



Production sector

Growth drivers of the actual volume of gross value added in 2009-2013, average growth rate in %

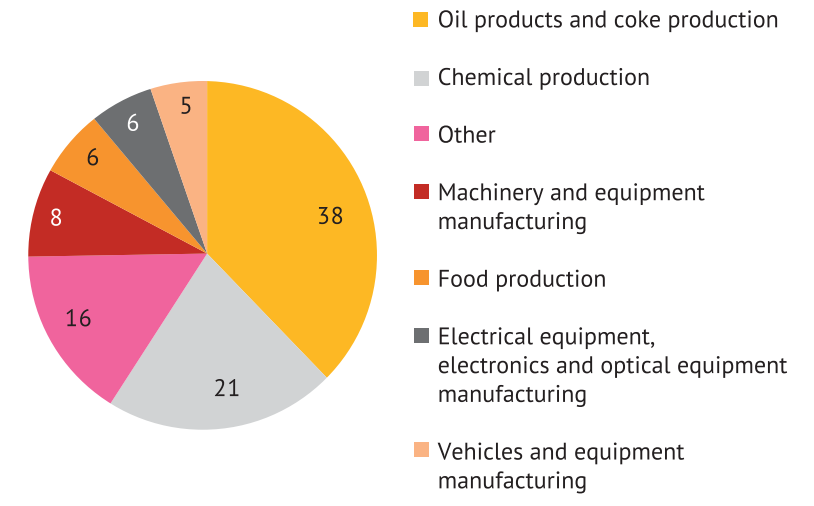


Development of natural resources

The Perm Territory is rich in various mineral resources. The following natural resources are produced in the region: oil, natural gas, mineral salts, diamonds, chromite ores, peat, limestone, precious, semi-precious and facing stones and constructional materials. As of today, over 1,500 deposits of more than 50 minerals have been discovered and proven to be present in the region.

Oil was first discovered in the Perm Territory in 1929, and over 230 raw hydrocarbon fields (2% of total Russian oil reserves) have been established in the region since then. Oil production is mainly centred in the central and southern parts of the region. The most developed oil fields include Polaznenskoye, Krasnokamskoye, Kuyedinskoye, Osinskoye and Chernushinskoye. In 2013, 14.3 million tonnes of oil were produced in the Perm Territory. The leading producer is OOO LUKOIL-Perm and the largest oil and gas refinery is OOO LUKOIL-Permnefteorgsintez (PNOS).

Structure of the Perm Territory's manufacturing sector in 2013, %



The Verkhnekamskoye field of chloride potassium, magnesium and sodium salts, which holds over 90% of Russia's total potassium salt reserves, is located in the Perm Territory. Together with potassium salts, the deposit holds rock salt reserves (around half of Russian reserves). The field covers 1,800 sq. km, and the thickness of its salt-bearing strata reaches 514 metres.

Ore mining and production of potash fertilizers take place in Berezniki and Solikamsk (PAO Uralkali). Production of nitrogen fertilizers also takes place in Perm (OAO Mineralnye Udobreniya) and Berezniki (Azot Branch of OAO Uralchem).

Chromites are produced in the Gornozavodskoy District of the region. The main Saranovskoye chromite field, the Saranovskaya group of wash ore placer mines and Yuzhno-Saranovskoye chromite field account for 63% of Russia's chromite reserves. Chromite reserves for open-cut mining are practically depleted. At present, the region is implementing an investment project to transition to underground mining instead.

The region also has deposits of silica, citrine, selenite, marble, uvarovite, and minerals used in dyes (wolchonskoit, red, ochre). Various constructional materials are also produced in the region, including limestone, dolomite rock, gypsum and anhydrite, keramzite clays and emaciating sands, etc.

Mineral resources production in the Perm Territory in 2013	
Diamonds, mln RUB	250
Potash salt, '000 tonnes	38 608
Magnesium salt, '000 tonnes	520
Chrome ore, '000 tonnes	139
Raw materials for cement manufacture, '000 tonnes	2198
Raw materials for the metals industry, '000 tonnes	196
Chemical feedstock, '000 tonnes	1693

Chemicals and petrochemicals

The region's petrochemical companies mainly engage in primary processing. The largest companies in this sector are ZAO Sibur Chimprom (Perm), OAO Metafrax (Gubakha), OAO Uralorgsintez (Tchaikovsky). In addition, chemical companies produce such types of export-oriented and high-tech products as methanol and its derivative products, ammonia and nitrogen fertilizers, along with unique freons and PTFEs, flocculants and active coal.

Perm also has producers of absorbent carbon (OAO Sorbent), laundry detergent (OOO Henkel Rus' branch in Perm), halogen-containing chemical products (OAO Galopolimer-Perm) and phthalic anhydride (OAO Kamtex-Himprom). A coking plant, OAO Gubakhinsky Cox, is located in Gubakha. This is a modern high-tech plant with full coke and by-product processing capabilities. The plant's output, metallurgical coke and chemical coking products, is supplied to major iron and steel works and chemical companies throughout Russia.

Ferrous and non-ferrous metallurgy

Ferrous metallurgy of the Perm Territory includes integrated iron and steel works (AO Chusovoy Metallurgical Works) and semi-integrated works (the largest one is ZAO Lysvensky Steel Plant).

Non-ferrous metallurgy is based on processing ore from Verkhnekamskoye potassium salt field bearing magnesium and rare metals. The plants are located in Berezniki (Avisma branch, OAO VSMPO-Avisma) and Solikamsk (OAO Solikamsk Magnesium Works). A secondary aluminium plant also operates in Perm (AO Permtsvetmet).

Heavy engineering

Perm is the centre of heavy engineering in the region. Defence production plays a major role in heavy engineering. Perm mechanical engineers are known leaders in Russian production of aircraft and rocket engines, helicopter systems and transmissions, combustion technologies, gas compressor units and gas-turbine power plants, oil field equipment, digital and optical-fiber transmission system equipment, navigation equipment, cabling and wiring products. Major heavy engineering companies of the region include OAO Perm Engine Company, PAO Motovilikhinskiye Zavody, OOO Kamsky Kabel, PAO Proton-PM, OAO Perm Scientific and Manufacturing Instrument Engineering Company,

AO Perm plant Mashinostroitel, OAO Aviadvigatel, OAO Reductor-PM and PAO NPO Iskra. OAO STAR is the only company in Russia that designs and produces integrated control systems for gas-turbine engines. Furthermore, Novomet is one of the largest producers of oil-submersible equipment in Russia.

High technologies

Perm Territory is a leader in high technologies in Russia. Thanks to a strong research and educational foundation, Perm is home to such major Russian telecom and IT companies as AO ER-Telecom Holding and ZAO Prognoz.

AO ER-Telecom Holding is a major Russian telecom company, whose share on the Russian broadband market is 12%. It also holds 13% of the cable television market. The company operates in Russian 56 cities.

ZAO Prognoz is one of the leading IT companies in Russia and, in recent years, it has consistently been a leader in business intelligence and custom software development. This is confirmed by international and Russian rating agencies, as well as the fact that the company has been the winner of numerous Russian nationwide competitions.

Timber industry

The Perm Territory's timber industry ranks high in Russia in terms of wood harvesting and processing. Paper and pulp makers in the region produce around 20% of the total Russian volume of paper for various uses. The Perm Territory has three pulp and paper plants, in Krasnokamsk, Perm and Solikamsk. One of the largest Russian plywood producers is located in the region, ZAO Perm Plywood Mill, which is located in Uralskiy, Nytvensky District.

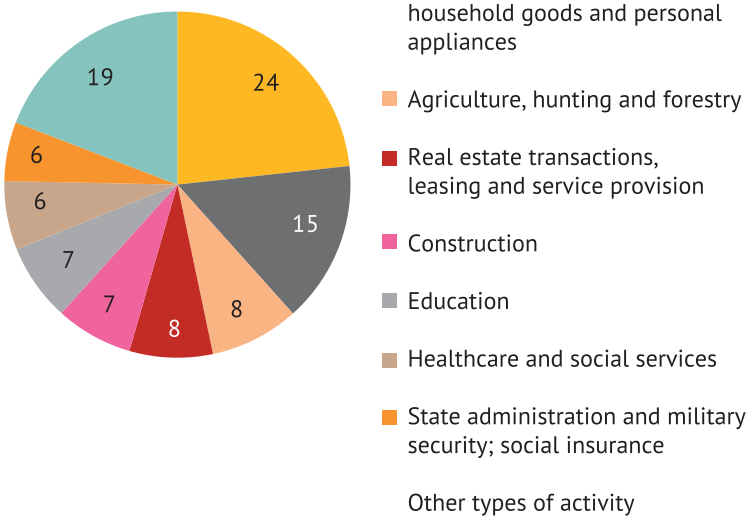
Food industry

Perm is the centre of the regional food industry. The following businesses operate in the region: a meat-processing plant (OAO Perm Meat Processing Plant, part of Prodo Group), a milling plant and a spirits producer (OAO Permalko, part of S.P.I. Group), a distillery (OAO Uralalko, part of Synergy Group), two confectionery factories (Permskaya Confectionery Factory and Kamskaya Confectionery Factory, which is owned by Nestlé), a refrigerating plant (OAO Sozvezdiye Perm Refrigerating Plant, part of Komos Group) and bread production. Other major centres of the region's food industry include Kungur (meat and milk processing) and Krasnokamsk (meat processing and pasta production).

Workforce, scientific and innovation capacity

The population of the Perm Territory is more than 2.6 million people, including about 2 million urban residents. The average age of the Perm Territory citizens is 38.7 years. The average unemployment level is 6.5%, with the economic active population totalling 67%.

Employment structure in the Perm Territory by types of economic activity in 2013, %



There are 92 institutions of secondary special and higher education in the Perm Territory, including 10 state and six non-state universities and about 30 branches. More than 81,000 students study at universities in the Perm Territory.

The Perm Territory is well known for its higher educational system and is the third leading constituent region of the Russian Federation in terms of its number of national research universities. The status of a national research university has been assigned to Perm National Research Polytechnic University (founded in 1953), Perm State University (founded in 1916) and the Higher School of Economics National Research University (Perm) (founded in 1998).

Perm State University is recognised as one of the best universities in the Volga Federal District. Perm State University ranks 6th-7th among the best universities of the Volga Federal District in the independent rating of Russian institutions prepared by Interfax and the Echo Moscow radio station. According to the University Admission Quality (a 2013 survey conducted by RIA Novosti together with the Higher School of Economics National Research University (Perm)), Perm State University is among the Top-5 classic universities of Russia, which admits the most prepared applicants. That said, Perm State University ranks first in this category in the Volga Federal District and the Urals. Perm State University has taken the 111-120th line in the QS University Rankings: BRICS 2014. Perm State University ranks 23rd among the top higher educational institutions in Russia. Perm State University is ahead of many its competitors by percentage of foreign lecturers in the university's headcount and takes the 11th place in the Russian rating. QS annually publishes lists of the best higher educational institutions around the world and in certain countries and economic regions. The QS ranking is recognised as one of the most influential rankings in the world, along with the Academic Ranking of World Universities and the Times Higher Education World University Rankings. In 2016, Perm State University will celebrate its 100th anniversary.

Perm National Research Polytechnic University ranks fifth among 29 national research universities of Russia in terms of its R&D facilities and growth rate for publication volume. More than 19,000 students study there. Priority development areas of Perm National Research Polytechnic University include urban studies, nano technologies, aviation engine and gas turbine technologies, oil and gas production, and refining. Together with PAO Motovilikhinskiye Zavody, OAO Aviadvigatel and OAO Sorbent, Perm National Research Polytechnic University has won an open public tender for the right to receive grants to implement comprehensive high tech production projects.

The Higher School of Economics National Research University (Perm) has been operating since 1992. Its scientific system is focused on applied research conducted for the Ministry of Economic Development, the Central Bank and the Ministry of Education. The specifics of instruction at the Higher School of Economics National Research University (Perm) are determined by heightened attention to the following components of an economic education: deep insight into economic theory; special mathematical and computer studies; and advanced language classes.

Perm universities have a great capacity for conducting scientific research and implementing scientific programmes at national and global standards. Today, 40 projects are already under way. These projects are financed through the budget of the Perm Territory and are implemented by international research groups (IRG), which consists of both Perm-based and foreign leading researchers, including 420 Perm-based and 178 foreign scientists from more than 20 countries. So far, the IRGs have received two Russian patents, filed 16 applications for a Russian patents and, jointly with the foreign scientists, published 86 scientific papers.

A number of innovation projects have been implemented on the basis of Perm's national research universities in close cooperation with leading enterprises of the Territory. These projects include:

Perm National Research Polytechnic University + PAO PROTON-PM
Establishing high-tech production in order to render services for testing gas turbine units with capacity of up to 40 Mwatt (RUB 120 million).

Perm National Research Polytechnic University + PAO Motovilikhinskiye Zavody
- Establishing high-tech machinery production based on advanced methods of product engineering and flexible manufacturing processes for materials processing (RUB 250 million);
- Establishing a technological complex to design and manufacture innovative research-intensive products, managing the production process for and commissioning said products (RUB 190 million).

Perm National Research Polytechnic University + OAO Perm Scientific and Industrial Instrument Making Company
Establishing high-tech production of integral and optical schemes for fibre-optic gyroscopes and systems for monitoring electric fields and biopotential (RUB 120 million).

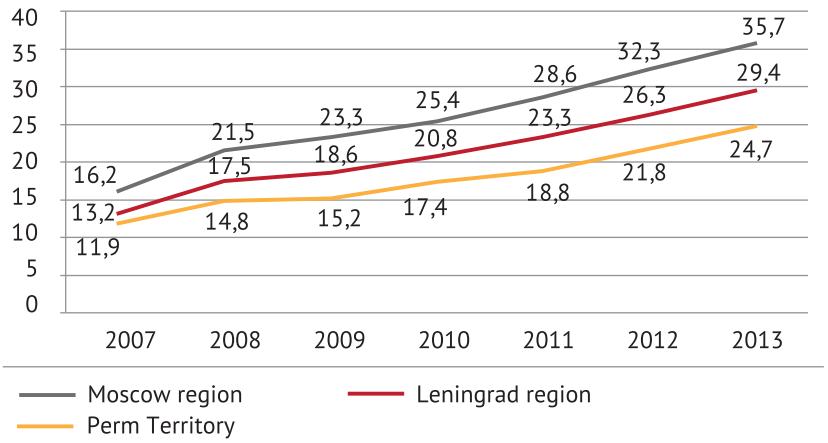
Perm National Research Polytechnic University + OAO Sorbent
Establishing high-tech adaptive production of carbon sorbing agents and filter materials as a basis for new generation sorbing, ecological and anti-gas equipment (RUB 190 million).

Perm National Research Polytechnic University + OAO Aviadvigatel
Establishing high-tech production for advanced aviation engines' components by improving production performance and quality, as well as implementing robotised multi-functional technological complexes and a system for continuous training of specialists (RUB 290 million).

Perm National Research Polytechnic University + ZAO Prognoz
Establishing a high-tech information and analytical platform for achieving of strategic planning objectives and forecasting in state administration, social sphere, science and industry (RUB 265 million).

Regional and federal initiatives aimed at developing dual (practice-oriented) training have also been implemented with respect to secondary professional education. For example, the Perm Chamber of Commerce and Industry, together with the Ministry of Education and Science of the Perm Territory, has implemented the project «Turnkey Workforce» (coordinating the preparation of qualified personnel to meet the economic needs of the Territory). More than 600 specialists have been educated in specialised secondary educational institutions upon the request of enterprises and with the direct involvement of various businesses.

The monthly average nominal salary accrued per employee for a full range of companies in 2007 – 2013 in the Moscow region, Leningrad region and Perm Territory, thousand RUB



The Perm Territory is attractive in terms of the value of its human resources, not just their availability. In 2013, the average monthly nominal accrued salary in the Perm Territory came to RUB 24,715. This is lower than in other developed areas. For example, this figure is RUB 35,700 in the Moscow region and RUB 29,400 in the Leningrad region

Power infrastructure

Perm Territory's power system is one of the largest and most well-developed networks in Russia's constituent regions. It is part of the Urals united power grid. The region's system is a surplus power system. For instance, gross installed capacity of generating units in the Perm Territory power plants comes to 6,664 MW (as of 1 January 2014) and the annual maximum demand in 2013 was 3,526 MW. Overall, 33.5 billion kWh of electrical power was produced in the region in 2013, out of which almost 30% was supplied to neighbouring regions.

The region's generating capacities include:

- Perm GRES power plant (2,400 MW, a new power unit with capacity for 800 MW will be commissioned in 2015);
- Yayvinskaya GRES power plant (1,024 MW, a new power unit with capacity for 424 MW was commissioned in 2012);
- Votkinskaya HEP (1,020 MW);
- Kamskaya HEP (537 MW);
- Nine CHPs, one HEP and one GRES owned by the Perm branch of OAO Volzhskaya TGK;
- CHPs owned by industrial plants (LUKOIL-Permnefteorgsintez, Solikamskbumprom, Sibur-Chimprom, and Uralkali).

Surplus generating capacity of 3,270 mW and power generation of 9.851 billion kWh, as well as unhampered power exchange between the regional industrial energy hubs, allows for the connection of virtually unrestricted capacity. For instance, this would be the equivalent of three AvtoVAZ load capacities (its load is just over 1 mW and power consumption is at 2.5 billion kWh) and for 9 million sq.m of housing, plus, after the forth power unit of Perm GRES is commissioned, another five Vostochny Cosmodromes and 9 million more sq.m of housing.

In addition, 90% of Perm Territory, including the largest regional Perm-Zakamsk and Berezniki-Solikamsk industrial energy hubs, is part of the Urals free power transfer zone in addition to the Sverdlovsk, Chelyabinsk Regions and Republic of Bashkortostan. The average-weighted non-regulated electricity price in the Perm Territory is 5-10% lower than its neighbouring regions of the Vyatka free power transfer zone (Udmurtia, Kirov Region), which makes the Perm Territory appealing for power consumption.

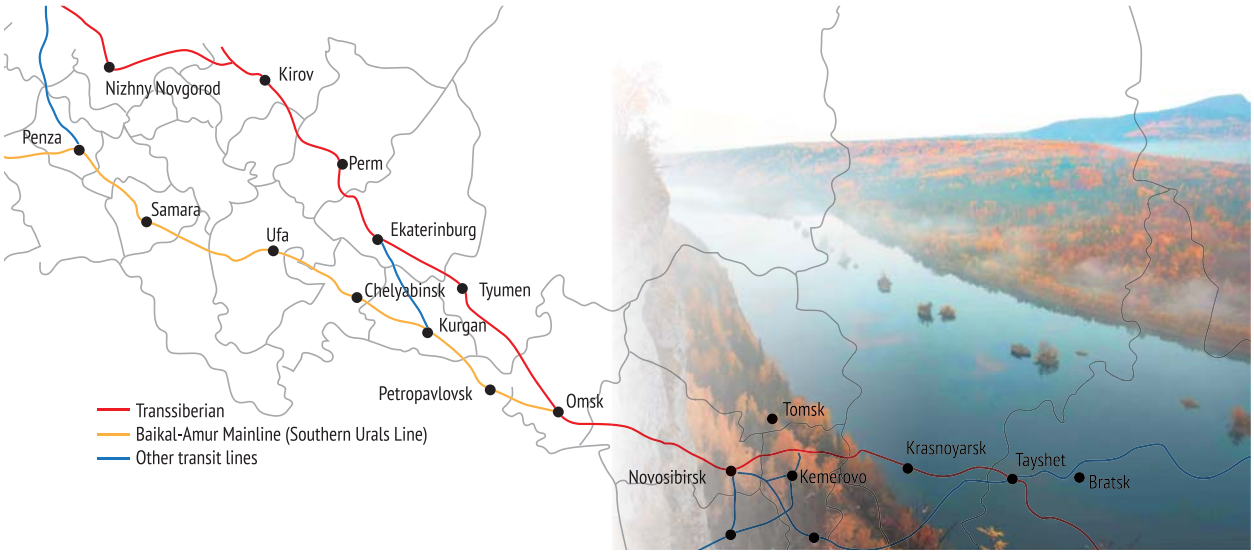
In addition, the Perm Territory has excellent facilities for training personnel in the power industry. The Perm National Research Polytechnic University (PNRPU) annually prepares 2,000 graduates in electrical engineering. In addition, 40 regional technical colleges and vocational schools also train specialists in electrical engineering.

Transport infrastructure

The Perm Territory is located on the border of the European and Asian parts of Russia and is a major Russian transportation hub. Cargo is moved through the region by railway, water, air and automobile transport.

Railways

The Trans-Siberian Railway crosses the Perm Territory, connecting the European part of Russia with Siberia and the Far East (the length of the trunk line is over 9,200 km). The oldest route in the Urals, Gornozavodskaya railway (Perm – Chusovskaya – Nizhny Tagil – Ekaterinburg), provides additional access to the neighbouring Sverdlovsk Region. Access to the Sverdlovsk and Chelyabinsk Regions is provided by the Kalino – Lysva – Bakal railway. The northern and eastern industrial areas are linked to the regional centre via the Chusovskaya – Solikamsk and Perm (Levshino) – Yarino – Ugleuralskaya roadways.



Key railway hubs include Perm-2 Station (Perm) and Chusovskaya Station (Chusovoy). In addition, Perm Sorting Station is one of the largest of its type in Russia.
Numerous passenger trains that pass through Perm also connect the Central, Northwestern and Volga-Vyatka Districts with the Urals, Siberia and the Far East, as well as Moscow with the Mongolian and Chinese capitals, and St Petersburg with the capital of Kazakhstan. Additional trains run to southern destinations during the summer.
Suburban passenger service is provided through the region's main railway lines. Suburban passenger traffic is especially busy within the two-hour travel radius to Perm-2 Station.

Roads

The total length of public roads in the Perm Territory comes to 33,544 km, out of which:
- 445 km are federal highways;
- 3,153 km are regional and intermunicipal highways.

Three federal highways pass through the Perm Territory:
- R-242, Perm – Ekaterinburg highway;
- M-7, Volga, Moscow – Vladimir – Nizhny Novgorod – Kazan – Ufa highway;
- A-153, Nytva – Kudymkar highway;

All federal highways, passing through the region, have improved permanent surfaces.

Air transport

Perm has an operating international airport, Perm (Bolshoye Savino), which was opened in 1965. The airport is located 17.6 km south-west of the city centre close to the village of Savino. Perm Airport is able to receive all types of modern aircrafts. It is a joint airdrome and can receive five categories of aircrafts under ICAO classification: A, B, C, D, and E.

Perm Airport has a cargo terminal with capacity for up to 10,000 tonnes, temporary storage and customs clearing. The cargo terminal is equipped with everything necessary for ground handling operations (i.e. trucks, diesel loaders, electronic and mechanical weights, pneumocars, screening equipment and a radiation control system, etc.). Throughput capacity of the functioning warehouses is 45 tonnes per day, or 17,000 tonnes per year.

In 2013, Perm International Airport provides services to over 1.15 million passengers. All-freight services came to around 4,000 tonnes.

Perm has scheduled flights to 19 destinations:
- Moscow – Aeroflot, S7 Airlines, UTair, Transaero (10 flights per day);
- St Petersburg – Rossiya Airlines (two routine flights);
- Sochi, Syktyvkar, Chelyabinsk and cities in CIS countries (Dushanbe, Khujand, Bishkek);
- During the summer season: Anapa, Simferopol, Krasnodar and Gelendzhik;
- Under the regional programme to the Volga Federal District: Kazan, Samara, Ufa, Kirov, Ulyanovsk and Nizhny Novgorod – Avia Management Group, Ak Bars Aero and Orenburg International Airport airlines.

The geography of the charter flights depends on the season and includes the following destinations: Spain (Barcelona), Greece (Heraklion, Kos, Rhodes), Cyprus (Larnaca), Bulgaria (Burgas, Varna), Montenegro (Tivat), Italy (Trieste), Egypt (Hurghada, Sharm El Sheikh), UAE (Dubai, Sharjah), India (Goa), Thailand (Bangkok, Phuket), China (Sanya), Tunisia (Monastir) and Turkey (Antalya, Dalaman).

Water transport

The region's territory is almost entirely located in the basin of the Kama River, which is the largest left tributary of the Volga River. Kama is an important segment of the unified deep-water transport system in the European part of Russia, which is linked to the waterways of European countries. The region's transit location allows for active use of the river's deep-water route. For instance, the Kama provides access to the Volga River, and, subsequently, to the Caspian, Azov, Black, White and Baltic Seas. The length of the river routes in the region totals 1,992 km.

The three easternmost river ports in Europe are located in the Perm Territory, including Gruzovoy Port in Perm, Tchaikovsky River Port and Berezniki Port.
In the summer, Voskhod liners offer high-speed passenger service along the Perm – Tchaikovsky route. Perm is linked to St Petersburg, Moscow, Nizhny Novgorod, Rostov-on-Don and Astrakhan via tourist itineraries.

Major infrastructure projects

• Construction of a new passenger terminal at Perm International Airport
In 2015, the construction of a new airport terminal will begin. Its area covers 25,000 sq.m and passenger capacity during peak hours will reach 904 people. The terminal will be able to service up to 2-3 million passengers annually.

• Creation of a transfer hub based out of Perm-2 railway station in conjunction with the development of the surrounding area and reconstruction of bus and railway stations.
The project is being implemented in cooperation with OAO Russian Railways.

• Construction of a bypass for the city of Chusovoy and a bridge over the Chusovaya River
The construction of a bypass for the city of Chusovoy and a bridge over the Chusovaya River are all part of the development of the Northern Latitudinal Corridor that runs through Tomsk – Surgut –Khanty-Mansisk – Ivdel – Perm with access to the central regions of Russia's European part. Basically, this foresees the construction of a roadway bypassing the already congested Moscow transport hub, which will be an alternative to the main eastward route from Moscow (Moscow – Kazan – Ekaterinburg).

The construction of the bypass via Chusovoy and the bridge over the Chusovaya River, in conjunction with the reconstruction of access roads, will increase highway traffic capacity in the region. This, in turn, will result in a decrease in the breakdown rate and improved road safety, as well as to ensuring the socio-economic development of the Perm Territory and the regions that are also part of the Northern Latitudinal Corridor.

• Belkomur Trunk Railway
This planned strategic Russian trunk line will directly link Siberia and the Urals. Eventually, it will link Chinese trunk lines to strategic businesses in the Northwestern Federal District of Russia. Belkomur is the shortest route that will be able to link transportation services of the Perm Territory and the Arkhangelsk Region via the Republic of Komi.

International and foreign trade

The Perm Territory has a sufficiently diversified economic structure, relatively high economic growth rates and is heavily involved in international trade. The region has foreign economic ties with over 100 countries.

The regional economy is largely export-oriented. Its share accounts for up to a quarter of gross regional product. In the past few years, foreign trade has shown that exports have exceeded imports approximately by six times.

Largest trade partners of enterprises of the Perm Territory in 2013, %

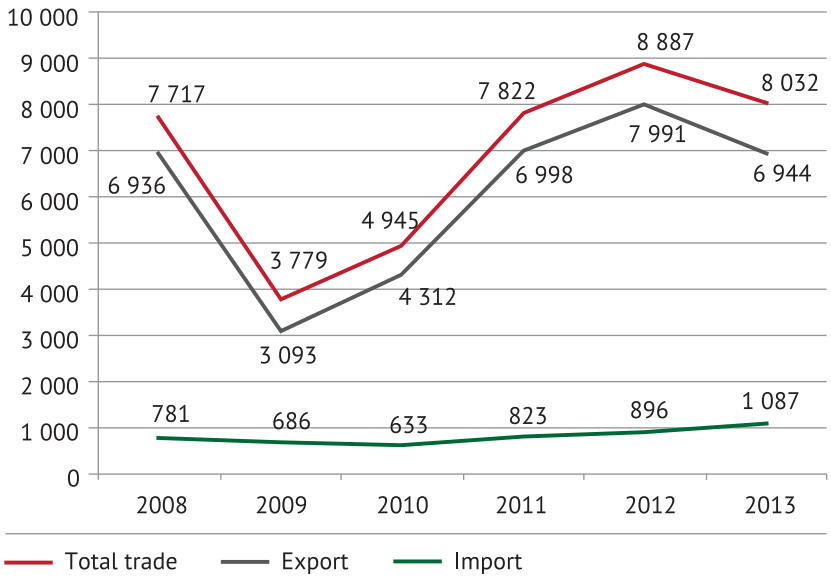
Export		Import	
Netherlands	25,1	Germany	26,6
China	11,2	USA	16,0
Belgium	9,2	China	14,8
Brazil	7,3	Ukraine	7,3
India	4,2	Italy	4,1
Turkey	4,1		
USA	4,0		

The Perm Territory exports mineral fuels, oil and petroleum products, organic fertilizers and chemical compounds. The region imports nuclear reactors, boilers, technical equipment and mechanical devices, electrical machines and equipment and parts, organic chemical compounds, vehicles for land transport, excluding railway and light rail transport.

Major exporters:

- Uralkali;
- Sibur Chimprom;
- Azot Branch of Uralchem;
- Solikamskbumprom;
- Metafrax;
- LUKOIL-Permnefteorgsintez;
- Kynovskoy Lespromkhoz;
- Red October.

The Perm Territory foreign trade, USD million



Business infrastructure

One of the signs of the maturity of the Perm Territory's business infrastructure is the presence of representative offices of major multinationals (Nestle, Knauf, Henkel, Krona, Metro C&C, Greif, KPMG, etc.) and head offices of major Russian companies (ER-Telecom, Kamsky Kabel, Metafrax, Novomet, Prognoz, Uralkali, etc.). Another indicator is the fact that the region regularly hosts major international events (arts festivals, sports championships, exhibitions, etc.). All of this shows that the Perm Territory and its capital, Perm, are open for business and tourism.

Financial infrastructure

The financial infrastructure of the Perm Territory is well developed and compromised of numerous banking, insurance and investment market players on both the regional and national scale.

Over 80 credit institutions, including four regional commercial banks, are registered in the region, including Ural FD, Proinvestbank, Perm Bank and Pochtobank. Ural FD has the widest network among regional banks, and Sberbank is the most widespread among federal banks. Other strong federal players include Rosselkhozbank, Bank Petrocommerce, MDM Bank, Gazprombank, Urals Bank for Reconstruction and Development, UniCredit Bank and others.

Over 60 insurance companies operate in the region, their majority of which with offices in major cities such as Perm, Berezniki, Kungur, Kudymkar and Solikamsk. Rosgosstrakh Group is the absolute leader in the Perm insurance market. Other major insurers include SOGAZ Group, AlfaStrakhovanie Group, RESO Group, Uralsib Group and Ingosstrakh Group.

Commercial real estate

Around 50 business centres and office buildings operate in Perm. Total floor space of Class A and Class B office buildings comes to 95,000 sq. m. Vacant floor space in business centres ranges between 10% to 20% depending on the remoteness of the building from the business centre.

Major business centres include:

- Class A business centres: GreenPlaza, Slavyanovsky Plaza, Avangard, Parus;
- Class B business centres: ECO Business Centre, Sinitsa, Cosmopolite, Business Residence, Aquamarine, Lunacharsky, Capital, Sergo, and Expert;
- Class C business centres: Morion Business Park.

Major warehousing properties include Class A logistics park Navigator, Class A warehouse complexes GIGANT, Godovalov, Henkel, etc.

Hotel and exhibition infrastructure

Currently, over 120 hotels operate in Perm, including oldest hotels in the city (Ural, Prikamye, and Tsentralnaya). There are also a large number of relatively new business hotels that have opened over the last decade and focussed on meeting European service standards. Such hotels include, for example, GARNI-HOTEL SIBIRIA, Gabriel Hotel, Hilton Garden Inn Perm, and Amaks Premier Hotel. In addition, Perm has dozens of small hotels that meet the standards of major business hotels, but are also relatively affordable.

Over half of the business tourists coming to Perm from other cities of Russia are visitors and attendees of exhibitions and forums at the Perm Expo. The Perm Expo Exhibition Centre is one of the regional leaders in the exhibition business, a member of the Global Association of the Exhibition Industry (UFI) and the Russian Union of Exhibitions and Fairs. The share of international visitors to Perm Expo exhibitions is over 10% of the total number of international visitors of the region. Accordingly, Perm Expo facilitates the promotion of interregional cooperation and international business in the Perm Territory.

Each year, the company holds over 30 interregional and international exhibitions attended by over 250,000 people from across the country. Large-scale exhibitions, highest standards of organisation, outstanding business agendas and the convenient location of the city – all of these factors comes into play when attracting visitors and experts from the central regions of Russia, as well as the Urals, the Volga Region and Western Siberia.

The Perm Expo owns modern exhibitions facilities with 12,000 sq.m of floor space, including three pavilions, conference halls, a restaurant, a café and a parking lot for 300 cars. This floor space provides for conference halls, banquet halls and equipment and technology exhibition areas all at once. Open space planning allows for transforming the space in order to hold events of any level of technical complexity. Furthermore, the area next to the exhibition centre may be used for open-air exhibitions and installation of quick mounting structures.

Culture, tourism and sports

The Perm Territory is renowned for its rich cultural life, strong and original theatres, picturesque nature, and historic and archaeological monuments.

The Territory boasts:
• 1,858 federally designated cultural heritage sites, including 1,808 archaeological heritage sites, 44 architectural monuments, three historic monuments, one public art monument and two conservation areas;
• 935 cultural heritage sites of regional significance, including 692 architectural monuments, 202 historic and cultural monuments, and 41 public art monuments.

Cultural life

Perm is renowned for its theatres, many of which are prize winners of multiple international and national awards.
The most famous are:

• The Perm Academic Opera and Ballet Theatre named after P. I. Tchaikovsky
Officially, the Perm Opera and Ballet Theatre dates back to 1870. In the course of its almost 150-year history, the theatre acquired two spiritual patrons: the great 19th century composer Petr Ilyich Tchaikovsky and a famous 20th century impresario Sergey Pavlovich Dyagilev. Unusual stage versions of classic works, application of modern music materials and unconventional festival projects – all of this has differentiated this Perm theatre at all times. With conductor Theodor Kurentzis as the theatre's art director, high quality musical performances have become another priority of the local theatre.

The achievements of the Perm Opera and Ballet Theatre were repeatedly celebrated through the National Theatre Festival-Competition "The Golden Mask" and other important Russian and international awards (Echo Klassik, Opera Awards, Casta Diva). Every two years since 1990, the theatre has held the Open Ballet Dancers Competition "Arabesque" (as of 2012, it bears the name of the legendary Russian ballet dancer Ekaterina Maximova), and since 2003 – it has held the International Dyagilev Festival.

• The Perm Academic Theatre
The Perm Academic Theatre is a drama centre in the city of Perm. The theatre was founded in 1927, and throughout the 20th century, over 400 performances have been produced there. In the 1990s, over 20 performances (including "A Profitable Position", "The Lower Depths", "Three Sisters", "Tango", etc.) were awarded diplomas of all-Russia, all-Union and international festivals. In 2007, the Perm Academic Drama Theatre was renamed as the Perm Academic Theatre.

The theatre is an established cultural brand combining the courage of theatrical experiment and loyalty to the best academic traditions. The theatre has two regular repertoires: its big scene (large forms, academic traditions and experiments with classic plays) and the "Scena-Molot" repertoires (a small scene for modern drama, multicultural, documentary theatre). In addition, the theatre has its own orchestra and holds a number of unique festival projects (e.g. Space of Stage Direction, Street Theatre Festival, and Laboratory of Young Stage Direction).

• **Evgeny Panfilov Ballet Theatre**
The Evgeny Panfilov Ballet Theatre was created as a unique theatre association consisting of three choreographic companies: Evgeny Panfilov Ballet, Evgeny Panfilov Ballet of the Fat, and the dance company Fight Club, with different dance aesthetics united by a single author's style of choreography (the award winner of the All-Union and international competitions of ballet masters, winner of the Russian Government Award named after Fedor Volkov, winner of the National Theatre Award "The Golden Mask" – Evgeny Panfilov (1955-2002)).

The Evgeny Panfilov Ballet Theatre is a living legend of Perm art, marked by its exquisite psychologism and bold experimentations. During the years of its existence, Evgeny Panfilov Ballet Theatre represented Perm 10 times for "The Golden Mask" National Theatre Award. The theatre also has held seven personal nominations of this highly prestigious award. Not only Evgeny Panfilov created his unique theatre in Perm, but also established a famous school of modern dance choreography.

• **Perm Youth Theatre**
The Perm Youth Theatre first opened its doors on 4 December 1964. Today, the Perm Youth Theatre is one of Russia's leading theatrical venues for children's and young adult audiences, and an active participant in many prestigious international and Russia-wide festivals and competitions. The theatre's programme features a wide range of plays and productions in diverse genres: fairy tales, adventure stories, fantasies, youth-themed dramas, and classic plays. The theatre is home to a highly professional troupe of original, colourful and talented actors, who have been led for over 30 years already by Mikhail Skomorokhov, People's Artist of Russia, recipient of numerous Russian Federation state awards, and winner of the Arlecchino National Theatre Award.

• **Perm Theatre "By the Bridge"**
The signature theatre "By the Bridge", created in 1988 by Sergey Fedotov, is renowned for its bright and sophisticated performances. The theatre's name is given due to its proximity to Kamsky Bridge. However, the phrase "Theatre by the Bridge" has gradually become a sign expressing its artistic concept whereby theatre performances are in essence a bridge between the real and weird, the mundane and mystic, and the conscious and intuitive. A mystic world in the Theatre by the Bridge is largely created by its specific literature choices (Gogol, Bulgakov, Dostoevsky, and Shakespeare). The Perm Theatre at the Bridge is a participant in 26 Russian and 38 international festivals. Annually, the theatre releases five to eight new productions that unalterably have become important events in Perm's cultural life.

Today, the Perm Territory is the centre of interregional and international cultural events. A number of large festivals are held here, including the White Nights in Perm, the International Dyagilev Festival, the Open Ballet Dancers Competition "Arabesque", the International Festival of documentaries "Flaertiana", the International Festival the "Space of Stage Direction", KAMWA International Festival, the Modern Art Festival "Live Perm", the Project "Perm Territory – the Area of Culture", "59 Festivals of the 59th Region", the Music Festivals "Rock Line" and "Movement", and the Aeronautics Festival "The Urals Celestial Fair."

White Nights in Perm is an annual multi-genre art festivity of international scale held in June and lasting for the whole month. It covers a month of festivals, exhibitions, plays, dance performances and forums, workshops and lectures for the population and visitors of the city of any age. Artists from Perm, other Russian cities and both CIS and non-CIS countries participate in the White Nights.

The International Dyagilev Festival is a multi-genre festival initiated by the Perm Academic Opera and Ballet Theatre. The Festival programme includes world premiers of opera and ballet performances, a panorama of modern dance companies' performances, art exhibitions, concerts of symphonic, chamber, organ and jazz music, as well as a retrospective of movies and photo exhibitions. An important element of the Festival is the International Symposium "Dyagilev Reading" and the Dyagilev Award – the first professional award in modern Russia for the best producer's project in the performing arts.

The Modern Art Festival "Live Perm" is a festival of festivals uniting music, theatre, cinema, fine arts, poetry, prose and other projects in new areas of modern art, at the meeting point of genres and beyond them. The main task of the Festival is to give all creative people of the Kama Region the opportunity to achieve something artistic and make the Perm Territory a place always able to host interesting events. Any person living in the Perm Territory can participate in the Festival, not only as a part of audience, but as a participant, either as an independent author or as a part of a group. Most of the events of the Festival take place in the open air – in the streets, squares, gardens and the Kama Embankment.

The Urals Celestial Fair is a unique aeronautics festival annually hosted by the town of Kungur. The Festival includes competitions in motor-paragliding, paragliding, aeromodelling and ultralight cycle sports, as well as all types of air shows.

History and archaeology

The Perm Local History Museum
The Perm Local History Museum is one of the largest Russian museums, as well as the oldest and the largest museum of the Perm Territory. It has 600,000 units of storage and includes over 50 collections of regional, Russian and global significance. The museum's items include, among other things, 22 historic and cultural monuments, of which 16 are monuments of the federal significance and six are of local significance.

The museum's unique collections include: a collection of findings from the Glyadenovsky Kostishe – an ancient holy place, a hieratical monument of the early Iron Age (bone, bronze and iron arrowheads, beads and small round plates, images of birds, people, wolves and other animals made of bronze and copper); a collection of metal castings of the Perm zoomorphic ornament (bronze amulets, shamanic images, buckles and sheet bars, sophisticated multi-figured compositions).

Perm State Art Gallery
The Perm State Art Gallery (opened in 1922) is one of the Ural region's preeminent museums. The gallery's collection includes approximately 50,000 works of art. The exhibitions include both Russian and European works of various artistic schools, styles and trends from the 15th century to the 20th century. The museum's collection ranges from paintings, graphic arts and sculpture to decorative, applied and folk art from across Russia and Europe. The gallery is also home to a rich collection of antique art and ceramics from ancient Egypt, Tibetan bronze artefacts, and applied artworks from Japan, India and China. Visitors can also see a collection of authentic works in the so-called Perm "animal style", featuring animal-themed artefacts from prehistoric pagan cultures. The pride of the Perm State Art Gallery is a truly unique collection of wooden sculpture from the Perm Territory, encompassing around 400 exponents.

Perm wooden sculpture
The Perm wooden sculpture ("Perm Gods") is a temple sculpture developed in the Perm Territory in the 17-19 centuries. Similar to icons and works of arts and crafts, it was a part of artistic ensembles of churches and chapels. Perm's wooden sculpture is unique, as it is, in essence, Eastern Christian art, it has preserved distinct features of pagan culture while also showing features of Western European baroque.

The Chekarda Quarry
The Chekarda Quarry is a unique geological natural monument located on the left bank of the Sylva River in the Suksun district of the Perm Territory. The quarry represents a number of extended, though not very high, barings of bed rock. Shale rocks in the quarry bear multiple prints of ancient plants and insects. In various periods, about 200 types of ancient plants and 200 types of insects have been described based on the quarry barings. The location is also interesting because of reports on findings of fossil vestige skeletons of land vertebrata, ancient amphibians and fossil fish. These formations are about 270 million years old. The Chekarda findings have been exhibited in many Urals and Russian museums.

"Khokhlovka" Ethno Park
The Khokhlovka complex is located on the bank of the Kama River, 43 km from Perm, near the village of Khokhlovka. It is the first open air museum of wooden architecture in the Urals. The museum compound Khokhlovka was founded in 1969 and has been open to visitors since September 1980. The museum includes 23 unique monuments dating from the end of the 17th – up to the beginning of the first half of the 20th century representing the best examples of the region's national construction culture. All structures have been brought here from various locations of the Perm Territory. The area of the museum compound is 35.2 hectares, divided into several sectors: North-Western (Komi-Permyak District), Northern and Southern Prikamye. Each sector has specific architectural features. Many monuments include interior decorations and exhibitions.

Several times a year, folk festivities and open-air parties are held in Khokhlovka. The most popular are the Maslenitsa Festival, Trinity Sunday, and Saviour of the Apple Feast Day. Khokhlovka also hosts a popular Perm festival KAMWA.

Salt-making history museum "Ust-Borovsk Salt-Making Plant"
Ust-Borovsk Salt-Making Plant was built in 1878–1882 by A.V. Ryazantsev, a Solikamsk second class merchant. It is the only remaining plant in Russia able to produce salt using the heat-evaporation method. Such salt was called "permyanka" and made the Perm Territory famous all throughout Russia. In the 17th century, the trading quarter area of Sol Kamskaya annually produced up to 7 million pood (1 pood = 16 kilos) of salt that amounted to 70% of total salt produced in Russia. "Permyanka" enjoyed stable demand on the domestic market and successfully competed with Spanish and French salt in Europe. Therefore, starting from the 17th century, the upper bank of the Kama River became the principal "saltcellar" in Russia. Ust-Borovsk Salt-Making Plant operated up until 1972. The museum exhibits unique industrial wooden architecture items, some of which are unrivalled in Russia and elsewhere.

Museum of Political Repressions "Perm 36"
"Perm 36" Museum is the only museum in Russia on the history of political repressions. The museum includes the remaining and reconstructed buildings of a camp for political prisoners where during the Soviet period, dissidents, non-conformists, active fighters for human rights, opponents of the communist regime, public figures, writers and scientists were imprisoned and often died in extreme conditions.

Natural heritage and recreational resources

Vishersky Reserve
Vishersky State Reserve, located at the western slope of the Northern Urals in the Perm Territory, was founded in 1991. Occupying the area of 2,412 sq. km, the reserve extends from the south to the north for more than 90 km and from the west to the east – for over 30 km. The reserve has mountain views that are unique and found only in the Northern Urals. Moreover, the Western Vishera is a natural habitat for 36 types of mammals (reindeer, sable, etc.), 155 types of birds, three types of amphibians and over 12 types of fish (European grayling, Siberian taimen, etc.). Especially valuable natural sites at the reserve include the Visherskaya Cave, the waterfalls of the Tabornaya and Svetly Ruchei Rivers, Bobrovaya River, Saklaimsori-Chakhl Mountain, the Tulymsky Stone Crest, Ablizina Glacier, etc.

Basegi Reserve
The Basegi Reserve is located in the territory of the mountain range of the same name in the Perm Territory, covering an area of 37,957 hectares. The reserve boasts over 520 types of plants, including 45 types of endemics, 51 types of mammals, over 159 types of birds, two types of reptiles, 17 types of fish and three types of amphibians. The rare plants on the reserve include types included in the Middle Urals Red Book.

The reserve was named after the Basegi Mountain Range, extending from the north to the south and a part of the Main Urals Crest. The highest point of the reserve is the Middle Basega Peak, which is 994 meters high. There are 11 rivers in the territory of the reserve, including the two largest, Usva and Vilva. Tourists are especially attracted by the so-called "rock rivers" representing terraces with rock slides. The Basegs are also topped with famous rock pillars – "erosion" pillars of considerable scientific value.

The Kungura Cave
The Kungura Cave is located in the Perm Territory, on the right bank of the Sylva River, not far from the town of Kungura. The cave is situated at the very base of the Ice Mountain slope. It is 5.7 km long and is famous for its clear air, multiple lakes and the unbelievable beauty of its natural ice formations. The Kungura Ice Cave has 70 lakes of various sizes, the largest of them spreading for 1,460 sq. m and reaching down three meters deep.

Sports

In the course of its history, the Perm Territory has had four Olympic Games champions and 18 prize-winners, 11 Paralympic champions and two Deaflympics Games prize-winners and 28 champions. Moreover, the region is well known for its hospitality and hosts many competitions, including international events. For instance, in 2002, Perm hosted the European Men's Boxing Championship with about 500 participants, and in 2014 – the World Junior Billiards Championship "Free Pyramid" with about 150 participants, as well as international handball tournaments, etc.

Thanks to opening in the Perm Territory of the "Snezhinka" Federal Winter Games Training Centre, the region has become a site for international competitions in skiflying, jumping, racing and biathlon. Originally, the main function of the Centre was training of the Russian athletes for the Olympic Winter Games in Sochi. After the Olympic Games, the Centre obtained an international FIS licence (International Skiing Federation). During its short history, the "Snezhinka" Federal Winter Games Training Centre has held such events as the Skiflying Grand Prix, a Women's World Cup skiflying series, a World Masters international skijumping tournament and Nordic combined Men's World Cup.

Traditionally, the Perm Territory hosts:

- **The International Handball Tournament** for the prize of two-time Olympic champion Aleksander Tuchkin. The first tournament of this range was held in July 2014, with athletes from eight countries participating;
- **International Aeronautics Festival "The Urals Celestial Fair"**
The festival has been held since 2002. In its first year, six teams participated in the festival. In 2014, as many as 27 competed;
- **Skiflying Grand Prix**
The competition was first held in 2012, with over 70 participants attending. The Grand Prix is a part of series and represents the elimination trials for the Olympic Games;
- **International Youth Tennis Europe Tournament**
The tournament has been held under the aegis of ITF (International Tennis Federation) since 2013, with participation of about 90 children up to 15 years old.

Investment climate

The Perm Territory in independent ratings

The Perm Territory is one of the most attractive and promising investment targets among Russian constituent entities, the fact of which has been confirmed by rankings of both Russian and international rating agencies.

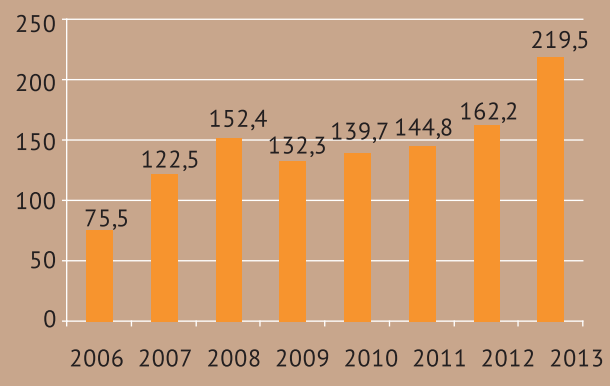
Rating Agency	Year	Rating (rank)
Higher School of Economics	2014	Rating of Innovative Development of Russian Constituent Entities: **11**
Expert RA Rating Agency	2013	Medium potential - moderate risk **(2B)** (**13th** in terms of investment potential, **52nd** in terms of investment risk among Russian regions)
National Rating Agency	2013	**IC4** Medium investment attractiveness – first level (the region is characterised by quite a high level of infrastructural development and good quality of institutional environment)
Generalnyi Director Russian Business Magazine	2013	Investment appeal rating: **9th** (The highest indicator in the Tax category)
Eurasia Competitiveness Institute	2012	Rating among Russian regions' competitiveness: **16th**
Forbes	2011	Best Russian regions for business: **8th**

Investment activity

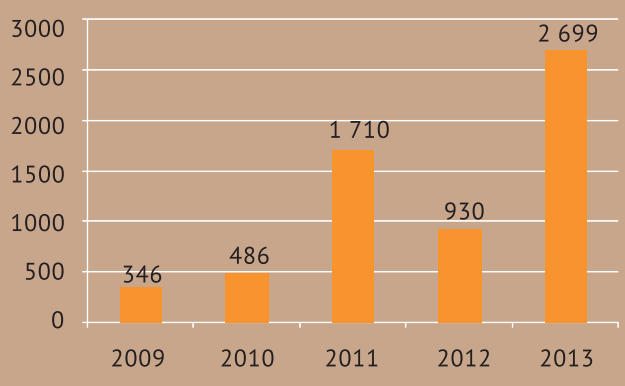
Investment in the economy of the Perm Territory in 2013 came to around RUB 220 billion. In terms of investment growth in 2013, the Perm Territory was second to none in the Volga Federal District (total investment raised grew by 35%). The main areas of economic activity demonstrating the biggest growth in investment include: chemical production, woodworking and electrical equipment manufacturing. The major companies of the Perm Territory in terms of capital investments are LUKOIL Perm, TGK-9 (currently – Volzhskaya TGK) and Sibur Chimprom.

In 2013, year-on-year foreign capital injections into the region increased 2.5 times and amounted to USD 2.7 billion. Foreign investors channelled their funds to the chemical, energy, machine-building and construction sectors. In 2013, investments came mainly from Ireland, the UK, Luxembourg and Germany. Countries with largest investments accumulated in the region's economy are Cyprus, France, Ireland, the UK, USA, Germany and the Netherlands.

Capital investments in the Perm Territory, RUB billion



Foreign investments in the Perm Territory, USD million



Major investment projects delivered over the past three years

Reconstruction of CHP-6 (TGK-9, currently – Volzhskaya TGK)
The project effectively involved the construction of a new power plant at CHP-6: a combined-cycle unit was installed in the new CHP building that included two SGT-800 gas turbines of the most recent design, two state-of-the-art waste-heat recovery units and a SST-600 steam turbine delivered by Siemens.
The total electric output of the power plant was increased by 123 MW, while the total heat capacity went up by 96.5 Gcal/h. Annual electricity generation via the reconstructed CHP-6 in Perm is over 1,000 million kWh, and heat power output is around 3 million Gcal. The project's cost totalled RUB 7.6 billion.

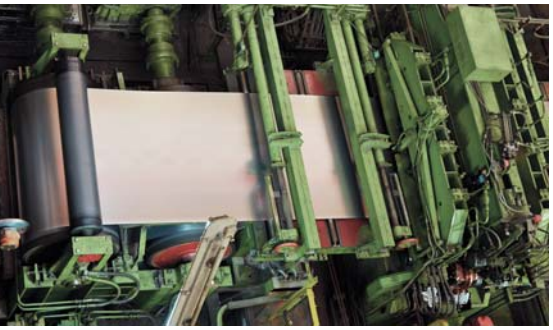
Reconstruction of CHP-9 (TGK-9, currently – Volzhskaya TGK)
The reconstruction of CHP-9 in Perm involved the installation of a gas turbine unit with 165 MW capacity and a waste-heat recovery unit with total steam generation capacity of 230 tonnes/h. Russian equipment was used to carry out the project. OAO Power Machines supplied a gas turbine GTE-160 along with a 180 MW generator. The project cost totalled over RUB 7 billion.

Commissioning of a new booster compressor station and an energy farm (LUKOIL Perm)
The new power complex represents a complete processing chain. LUKOIL Perm produces and supplies associated gas that is treated and processed by LUKOIL Permneftegazpererabotka and is then transported via a compressor station to the new power generation unit of LUKOIL Permnefteorgsintez. The booster compressor station has three compressor units with annual capacity of 600 million m^3 each. The commissioning of the booster compressor station and energy farm together with the launch of the second associated gas processing line helped to increase utilisation up to 95%. The project's cost totalled over RUB 4 billion.

Commissioning of an energy complex, a water filtration unit and a railway overpass (Sibur Chimprom)
The new energy complex included three power generating units with total electricity capacity of 18 MW and heat capacity of at least 27 Gcal. Investment in the project came to over RUB 1.1 billion.
The in-plant energy complex helped the company to optimise its expenses on energy resources and improve efficiency. The launch of a new loading/unloading railway overpass has helped to improve efficiency and safety in the handling of flammable liquids. Furthermore, the new filtration unit improved the quality of circulating water treatment.

Major investment projects now underway

Development of a potash mine (OOO EuroChem-Usolskiy Potash Complex)
Currently, the first stage of construction is underway to build production facilities with capacity of 2.3 million tonnes of finished products per year. This stage will likely reach completion by the end of 2017. Upon completion of the second state of construction, the overall project capacity will be increased up to 3.7 million tonnes per year.



Construction of a high-tech sheet rolling complex (ZAO Lysvensky Metals Plant)
Construction was launched in June 2014 and includes two stages. The first stage (through to the end of 2016) involves the installation of a Printech colour coating line with annual capacity of 110,000 tonnes, and construction of a cold rolling shop with annual capacity of 820,000 tonnes. The second stage will be finalized by the end of 2020 and includes the commissioning of the second rolling shop.

Construction of a new mine as part of the Ust-Jaiwa area development project at Verkhnekamskoye field
Construction was launched in 2012 by Uralkali in conjunction with OOO Deilmann-Haniel Schachtostroj. The project involves construction of a new mine with two shafts with capacity of 2.8 million tonnes of potash chloride. Commercial ore productions at Ust-Jaiwa mine is expected to start in 2020. The project will help to replace depleted reserves of the Berezniki-2 mine.

Governmental support for investment

The Government of the Perm Territory gives investors the comprehensive administrative support:

- *«One-stop-shop» service for investors*
- *Support of investment projects*
- *Wide current base of investment projects*
- *Active promotion of regional and municipal administration in administrative matters*
- *Tax preferences*

Development institutions of the Perm Territory

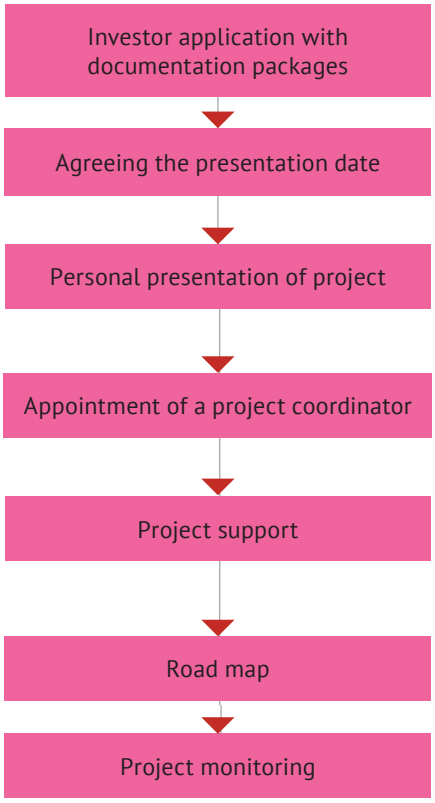
Development Corporation of the Perm Territory is a consulting organisation, which facilitates the development of the regional economy by elaborating on investment and infrastructure projects, as well as attracting investments for subsequent implementation of such projects.

This corporation participates in developing and implementing projects that are:
• initiated by the Government of the Perm Territory and related authorities that are part of the Economic Growth division;
• included into regional or territorial projects and target-oriented programmes;

• initiated by private investors, provided that the respective project corresponds to the investment strategy of the corporation, which, in turn, has been approved by the board of directors.

Agency for Investments and External Economic Relations of the Perm Territory is a government agency of the Perm Territory, which exercises powers for implementing the region's policy for investments, public-private partnerships (PPPs) and external economic activities.

Investment projects and support for regional development institutions



including: petitions for organisational and consultative support to be prepared in an open format; a passport for an investment project; a short business plan; a financial model for the investment project.

If a full package of documents is submitted and its investment project meets the formal requirements, the date for a presentation should be agreed upon within five business days.

Investors must prepare a 10-minute presentation on their project and answer questions in front of a panel of members of the government authorities, public representatives, consultants and experts. The panel decision is reflected in its meeting minutes to be prepared on the date of presentation, which is then emailed or delivered to the investor(s) within the following two business days.

Projects that have been presented and received the favourable opinion of the panel shall be subsequently assigned to a dedicated project coordinator.

In regards to each project that has been approved by the panel, within three business days from the panel's decision, the project coordinator shall provide a full list of support measures in accordance with the federal and territorial legislation, as well as a proposal with a list of support measures applicable to the specific project, including procedures and the timeframe for rendering such support.

Within two weeks from the approval of an investment project, the investor(s), jointly with the project coordinator, shall develop and sign a road map for the project's implementation.

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Improvement of investment climate in the region

In order to create a favourable investment climate and improve the efficiency of investment activity in the Perm Territory, the Perm Territory's Governor passed Decree No. 201 of 25 November 2014 to form **the Council for Investment Climate Improvement**.

The Council performs the following functions:
- developing proposals for elaborating and implementing a single investment policy in the Perm Territory;
- facilitating effective coordination and partnerships between the public authorities and private business;
- coming up with measures to eliminate administrative barriers to implementing various investment projects;
- elaborating proposals for developing the necessary conditions for rational distribution of production capacities in the region;
- reviewing and selecting the investments implemented or planned for implementation in the Perm Territory, and other measures.

Tax breaks

- *CORPORATE PROPERTY TAX RATE – 2.2%*
  Graduated tax rates are:
  ***0.6 %** – during the first year from the date of fixed assets' commissioning;*
  ***1.1 %** – during the second and third years of fixed assets' operation.*
  Tax breaks are granted for an indefinite period to entities registered in the Perm Territory.

- *PROFITS TAX RATE – 13.5%*
  Tax breaks are granted for an indefinite period to entities registered in the Perm Territory

In 2013, we created an investment website for the Perm Territory – **www.investinperm.ru**. This website presents an on-line plan for building the infrastructure, with construction and reconstruction dates set in the current plans and programmes of the Perm Territory, and available measures of state support. The website also has an investment map, which contains data about implemented investment projects (industrial, agricultural, recreational and infrastructural) and available investment sites (industrial, agricultural, recreational brownfields, and greenfields). The website informs as to what assistance can be rendered by the governmental authorities for support and implementation of investment projects, and about state support measures.

A pilot project has been implemented in the Perm Territory since 2014 to introduce in the territory the **Standard Activity of the Perm Territory local self-governing bodies for ensuring a favourable investment climate**. This Standard was based on the Standard Activity of Russian constituent regional executive bodies for ensuring a favourable investment climate, which has been implemented in the region since 2011. The both Standards were elaborated in order to enhance the performance of local governments in attracting investments and sponsoring favourable conditions for investment activity on municipal and regional levels. Implementing this Standard in the municipal institutions of the Perm Territory would help to create a system of support for investors, promoting entrepreneurship at the municipal level and coordination among the local, regional and federal governmental authorities and investors in raising funding.

In addition, the Perm Territory is able to enhance its business climate by introducing **regulatory control assessment (RCA)**. This system would facilitate creating an environment that would be conducive for doing business in the Perm Territory, help to improve the business environment, boost the effectiveness of government bodies in adopting laws and regulations necessary for business development and for promoting investment attractiveness of the region. According to current plans, the RCA institution was to be introduced in the city of Perm, the administrative centre of the Perm Territory, in January 2015. The RCA system would be gradually introduced in urban and municipal districts, and in other municipal formations, by 1 January 2016 and 1 January 2017, respectively.

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Projects to develop innovative infrastructure

The Perm Territory is characterised by the high level of innovative activities taking place within its borders. The region ranks 11th among Russian constituent entities in the High School of Economics' Innovative Development Rating for 2014. The infrastructure supporting innovative development in the Perm Territory is represented by territorial clusters, business incubators and venture structures.

Technopolis «Novy Zvezdny» — Rocket Engine Technology Innovative Territorial Cluster

The region's rocket engine technology innovative cluster is one of 25 pilot innovative territorial clusters approved by Order No. 188 of the Russian Government of 6 March 2013. This cluster was created in the Perm Territory in order to protect Russia's strategic interests in rocket and aviation engine technology.

Technopolis unites the region's leading machinery enterprises (PAO Proton-PM, PAO NPO Iskra, OAO Perm Plant Mashinostroitel, OAO Aviadvigatel, OAO Perm Engine Company, ZAO Iskra-Energetika, ZAO Iskra-Avigaz), its best universities (Perm National Research Polytechnic University, Perm State University, Perm Scientific Centre of the Ural Division of the Russian Academy of Sciences (URAN)) and academic institutions, as well as leading scientific centres (Institute of Continuous Media Mechanics URAN, Institute of Technical Chemistry URAN, Centre for Powder Material Science, Centre for Prototyping and Progressive Technologies in Mechanical Processing of Metals, Centre for Technologies of Parallel and Allocated Calculations in Engine Design, etc.).

Key projects of the cluster:

• ***Rocket engine technologies:*** creating a modern universal manufacturing complex for rocket engine production (manufacturing components and mechanisms for the environmentally friendly new generation oxygen-kerosene engine RD-191 for the Angara carrier missile family — the future of Russian transport space aeronautics).

• ***Aviation engine technologies:*** organising the production of fifth generation turboreactive PD-14 engines for Russia's new medium-range MS-21 aircraft. Currently, the Perm Engine Manufacturing Complex is hosting the first pilot sample of this promising aircraft engine. The project is being implemented with the support of OBORONPROM Corporation and United Engine Construction Corporation.

• ***Heavy machinery for the power industry:*** organising production of gas-turbine electric stations with capacity from 2.5 to 25 MW with additional potential capacity of up to 40 MW.

The enterprises of the cluster and the Perm National Research Polytechnic University have implemented an anchor manufacturing project at the test facility of PAO Proton-PM. They have created the first ever in Russia ***multi-purpose adaptive ecology test complex for gas-turbine engines with capacity from 10 to 40 MW***. The Complex can offer extensive opportunities for gas-turbine machinery companies in product testing. The Technopolis also is carrying out a project for manufacturing a family of micro gas-turbine energetic equipment with capacity of 100-200 kW operating on anthropogenic types of oil (colliery gas, fermentation gas, landfill gas, pyrolisis gas, liquid biofuel, etc.), as well a project for manufacturing world-class high-technology metal processing centres.

Development priorities of Technopolis include:

1. Developing a ***Centre for Professional Testing and Practice*** under the local unique technological education school (the Techno-School) and a Multifunctional Educational Centre for Appliance Competences. The objective is to create a single system that would help to structure educational process for all learning stages starting from a child's personal choice and up to formation of modern highly skilled production staff.

2. ***Development of the Regional Engineering Centre***, i.e.:
- implementing a technology for management of the lifecycle of research-intensive products and lifecycle of innovative projects on the basis of the Teamcenter PLM system, as well as virtual assembly technologies (CALS);
- practical exploration of an engineering analysis system on the basis of ProCAST and Tecnomatix platforms in order to satisfy the needs of companies in the Perm Territory in the rocket-space industry;
- developing a Centre for Post-processing of Modern Technological Equipment;
- developing educational programmes for engineering and design staff of the companies comprising the cluster;
- creating a Quick Prototyping Centre and a Service Centre for Implementing and Active Application within the Cluster for Rocket Engine Technologies on the Basis of Modern Additive Technologies (3D technologies);
- developing and actively using in rocket engine construction technological fittings based on poly-urethane.

The Technopolis development programme also foresees the improvement of engineering, transport and energy infrastructure, as well as road and residential premises construction, reconstruction of the existing and creation of new facilities for the purposes of welfare, culture, everyday life and sports in the Novye Lyady settlement. Implementation of the development programme for the Novy Zvezdny Technopolis by 2020 will result in the creation of conditions for incorporating a Federal Centre for Rocket Engine Technologies on the basis of the cluster in order to maintain the world class level of Russian space aeronautics while also strengthening the country's role as a leader in the space industry.

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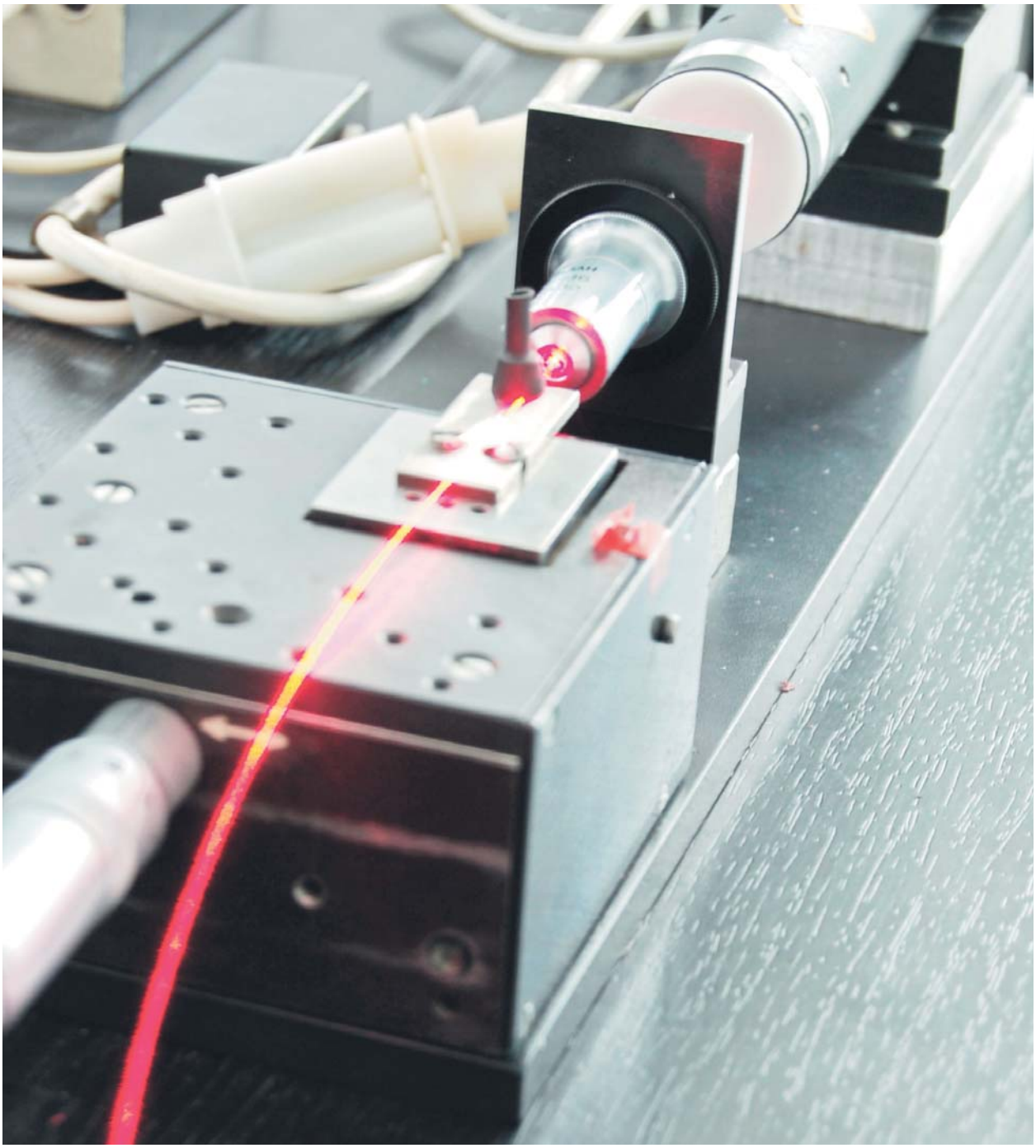
Perm innovative cluster for fibre-optic technologies «Fotonika»

The Fotonika Fibre-optic Technologies Cluster comprises a group of inter-related enterprises and companies specialising in photonics, as well as optic and electronic equipment. The cluster's anchor enterprise is OAO Perm Scientific and Manufacturing Instrument Engineering Company.

Today, the Fotonika cluster means:

- RUB 1.6 billion in investments for the cluster's infrastructure development within the latest three years;
- RUB 3.2 billion in investments for the creation of new products within the latest three years;
- RUB 25.6 billion in total revenues for the cluster's companies;
- Over 9,300 jobs;
- RUB 2.8 million output per employee annually;
- Over 1700 specialists engaged in research and development.



Products of the cluster:

Transport, navigation and mobile unit positioning

- Manufacturing fibre-optic gyroscopes
- Systems for navigation, routing and geolocation

Communication and telemetry

- Manufacturing special fibre optics
- Manufacturing fibre-optic cables
- Manufacturing photon integrated microchips
- Manufacturing fibre-optic sensors
- Systems for monitoring of industrial and civil facilities

Production of natural resources

- Manufacturing sensors and engineering control systems

Energy industry

- Manufacturing fibre-optic electric field sensors, current transformers and systems on their basis

Welfare and medicine

- Manufacturing lasers
- Manufacturing fibre-optic sensors for microsurgeries

Advantages of partnering with the Fotonika cluster:

- The cluster's manufacturing core is located at a compact plot in the centre of Perm nearby the city's administrative, educational and scientific centres. The cluster can be used a technopark for photonic companies.
- The Fotonika cluster will consider inclusion of small companies, whose area of activities coincides with the cluster and complements its capabilities.
- The cluster companies can act as strategic investors in small companies if the latter have a clear innovative focus and a strong business model.

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Business incubators

Perm-based business incubators help novice entrepreneurs to implement their ideas and projects by providing a whole scope of services: secretarial, accounting, legal consulting services, and business education. In a number of cases, they also help to obtain credits for business development and local market entry.

The Perm Municipal Business Incubator holds regular courses and educational workshops prepared by professional business trainers for entrepreneurs. Here, they can receive free-of-charge consultations on franchising, creation of business plans, entrepreneur registration via Internet, accounting, taxation, existing state programmes for entrepreneurial support, etc. Residents of the business incubator can also enjoy financial support. For instance, on certain beneficial terms, they can use an equipped workplace with internet and telephone infrastructure, as well as a conference hall and conference rooms. Perm Municipal Subcontracting Centre and Perm Entrepreneurship School also work with the Perm business incubator.

In 2014, the MOZGOVO Creative Business Incubator at Perm State University was nominated as the best student business incubator in Russia. Representatives of Russian business community and NBIA (National Business Incubator Association) selected MOZGOVO as the best one in Russia on the basis of several criteria: volume of attracted investments, success of the companies created under the business incubator support, financial resources, financing sources and financial indicators. Today, this business incubator supports over 10 start-ups and 30 small innovation companies. The residents' projects are connected with environment protection, geological surveying, creation of new technologies in pharmaceutics, medicine and space industry. The entrepreneurship initiatives supported by MOZGOVO include the Macroscop company developing software for IP-cameras, as well as Multimedia Solutions Laboratory that created a museum application for Maugry mobile platforms. In 2013, Maugry was selected as one of the best Russian start-up projects.

Business incubator under Perm National Research Polytechnic University will help novice technological entrepreneurs in implementing their initiatives. The incubator works with potential entrepreneurs and provides support in the form of consultations, training, finding experts and creation of a development team. The business incubator organises meetings of the Entrepreneur Environment business club and hosts events of the Innovative Cluster of Student Project Teams.

Business Incubator «Opportunity Navigator» under The Higher School of Economics National Research University (Perm) is well known for its conferences and master-classes involving representatives of foreign corporations, directors of major Russian companies, representatives of the state authorities, and venture investors. It is also famous for being able to attract seed financing for projects.

Solikamsk Innovation and Manufacturing Business Incubator was created to support entrepreneurs involved in manufacturing and innovative projects in industries important for Solikamsk (in particular in added-value wood conversion). The business incubator provides its residents with office premises and manufacturing facilities equipped with machinery for added-value wood conversion.

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