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<td>Address by Rail Sarbaev, General Director of the Development Corporation of the Republic of Bashkortostan</td>
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Dear Friends,

Welcome to the Investment Guide to the Republic of Bashkortostan!

As you are reading this guide, the COVID-19 pandemic is upending life as we know it. Lockdown and self-isolation measures have had a significant impact on the social and economic development of Russian regions. This challenge has united us against a common threat and shown us that we can weather any storm if we work together. The business world understands this best of all.

Our vision for the new economy is one where solidarity, cooperation and openness prevail. Making the region more attractive for investment is a critically important aspect of regional policy.

Your business will have every opportunity to thrive in Bashkortostan. Our region has plentiful resources and a developed manufacturing industry and agricultural sector. We have an easily accessible transport infrastructure and convenient logistics.

Bashkortostan has virtually all the essential investment framework you may require. We have the Alga special economic zone, five territories of priority social and economic development (TPSED), business support institutions and industrial parks.

We offer tax relief to anyone who decides to invest in Bashkortostan, subsidize engineering construction costs, cover loan interest payments and the exchange rate differential on acquisitions of imported equipment, offer land plots without tenders and provide support through industry programs. We closely monitor the effectiveness of our business support mechanisms.

We are proud to invite you to build your business in Bashkortostan. Let’s build a relationship, work and move forward together.

Best regards,

Radiy Khabirov
Head of the Republic of Bashkortostan
Dear Friends and Partners,

The Republic of Bashkortostan aspires to be a place where major projects are successfully implemented and is keen to collaborate with investors from Russia and abroad.

Although the COVID-19 pandemic is derailing plans across the world, the government of Bashkortostan swiftly introduced a range of measures to support investment projects and the business community during the pandemic.

The goal of the Development Corporation of the Republic of Bashkortostan is to help businesses implement their projects quickly and successfully. Our team of qualified specialists support investment projects across all stages of implementation: from conceptualization to commissioning facilities. We strive to use all the tools at our disposal to make an investor’s experience in the region as straightforward and rewarding as possible.

Bashkortostan has created all the necessary infrastructure for attracting investment: we have set up five territories of priority social and economic development (TPSED). The Alga special economic zone is currently in the development stage. We have 12 industrial parks and are constantly opening new technology parks and co-working spaces for startup entrepreneurs.

We are confident in saying that your investment projects will benefit from an extremely favorable investment environment and the full support of the government.

Welcome to Bashkortostan!

Best regards,

Rail Sarbaev
General Director, Development Corporation of the Republic of Bashkortostan
Dear Reader,

We are pleased to present the seventh edition of the Bashkortostan Investment Guide, a collaboration between Deloitte CIS, the local Ministry of Economic Development and the regional Development Corporation. Here you can find all the information you may need about investor incentives, promising investment opportunities and the region's most developed industries.

Bashkortostan has ranked highly in investment attractiveness ratings in recent years due to its sound budgetary performance and the low public debt. The government is committed to developing the region's transport network and energy grid, which includes three solar power plants that supply the wholesale market.

The regional government has worked hard to create an open investment environment, creating a one-stop-shop for business and investment, founding the Alga special economic zone and opening the Factory of the Future special-purpose business center. Investors can take advantage of tax incentives for priority investment projects, preferential lease terms and other benefits. A wide range of subsidies are also available under the government program for agricultural development and agricultural, commodity and food market regulation. However, despite the progress made by the regional government, we still face serious challenges ahead due to the current global economic situation. The region's economy will inevitably take a hit from the fall in oil prices and the decline in oil production and consumption, as well as the expected overall downturn in economic activity. There also remains a high degree of uncertainty surrounding the potential implications of COVID-19 for business and supply chains.

Deloitte CIS provides audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our specialists are on hand to provide consulting services to investors at any stage of project implementation.

This guide contains a brief overview of the most promising investment opportunities in Bashkortostan. We are confident that it will help potential investors get a clear picture of the local economy and encourage entrepreneurial activity in the region.

Best regards,

Dmitriy Chaban
Managing Partner of Deloitte Ufa
General information about the Republic of Bashkortostan

**Capital**
Ufa
Population: 1.1 million
Population ranking among Russian cities: 11th

**Population of the Republic of Bashkortostan**
4.05 million
(highest in the Volga Federal District)
Proportion of urban population: 62.45%
Population density: 28.3 people per sq. km

**Time zone**
GMT +5 (2 hours ahead of Moscow)

**Official languages**
Russian and Bashkir

**Ethnic composition**
more than 100 ethnic groups;
the predominant ethnic groups are Russians (36.1%), Bashkirs (29.5%) and Tatars (25.4%)

**Climate**
continental, with warm, humid summers and moderate winters.
Average temperature:
-16°C in January
+19°C in July
Total area
143,000 square kilometers (0.8 % of the total area of Russia)
Key figures

Rankings
The region has a multi-industry, highly diversified economy, with a focus on manufacturing, construction, transportation and agriculture. The core industries are oil refining, chemicals and petrochemicals, as well as oil production.

The National Rating Agency rated Bashkortostan as IC3 (high investment attractiveness) in its 2019 ranking of investment attractiveness of Russian regions.*

In 2019, Fitch Ratings affirmed Bashkortostan's long-term credit rating at BBB with a stable outlook.** This investment grade reflects Bashkortostan's ability to fulfill its financial obligations on time and confirms its sound budgetary performance, which it achieved by diversifying its economy.

The Republic's creditworthiness is also strengthened by its low debt burden, a balanced liquidity policy and a conservative approach to spending. Bashkortostan currently has the same credit rating as the Russian Federation. Expert RA agency assigned Bashkortostan a rating of ruAA+ with a stable outlook.***

Robust budgetary performance, low leverage and stable liquidity were the key underlying factors for this rating. The region's strong investment attractiveness was the main reason for its high placement in the rating.

Since 2015, Bashkortostan has been implementing a best practices program as part of the National Regional Investment Climate Rating run by Russia’s Agency for Strategic Initiatives.

The program aims to improve the investment climate in Bashkortostan and is the driving force behind the region's rapid ascent up the National Investment Climate Rating.

The Republic of Bashkortostan guarantees that the rights of all investors will be protected (irrespective of how they choose to invest) and that the discussion of investment projects will be open and transparent.

---

*** https://www.raexpert.ru/ratings/regioncredit
**Bashkortostan’s Investment Development**

National Investment Climate Rating

<table>
<thead>
<tr>
<th>Year</th>
<th>Rank in 2015</th>
<th>Rank in 2016</th>
<th>Rank in 2017</th>
<th>Rank in 2018</th>
<th>Rank in 2019</th>
<th>Rank in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>40th</td>
<td>20th</td>
<td>13th</td>
<td>23rd</td>
<td>16th</td>
<td>9th</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
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<tr>
<td>2018</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Volume of investments in fixed assets via all financing sources in 2019

- **322.1 RUB billion**

+113.6% vs. 2018

**2nd place in the Volga Federal District**

**Bashkortostan priority investment projects**

<table>
<thead>
<tr>
<th>Projects as of 1 January</th>
<th>Number of Projects</th>
<th>Investment, RUB billion</th>
<th>Jobs created, ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>175</td>
<td>641.6</td>
<td>30.7</td>
</tr>
<tr>
<td>2019</td>
<td>125</td>
<td>484.9</td>
<td>18.8</td>
</tr>
<tr>
<td>2018</td>
<td>67</td>
<td>412.2</td>
<td>14.0</td>
</tr>
<tr>
<td>2017</td>
<td>48</td>
<td>346.5</td>
<td>11.4</td>
</tr>
<tr>
<td>2016</td>
<td>36</td>
<td>282.1</td>
<td>8.2</td>
</tr>
</tbody>
</table>

* The amount of investment and the number of jobs created are based on project estimates.
Economic indicators*

### Industrial production index

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>103.9</td>
</tr>
<tr>
<td>2015</td>
<td>101.2</td>
</tr>
<tr>
<td>2016</td>
<td>103.5</td>
</tr>
<tr>
<td>2017</td>
<td>102.6</td>
</tr>
<tr>
<td>2018</td>
<td>103.3</td>
</tr>
<tr>
<td>2019</td>
<td>104.2</td>
</tr>
</tbody>
</table>

### Agricultural production index

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>99.7</td>
</tr>
<tr>
<td>2015</td>
<td>100.7</td>
</tr>
<tr>
<td>2016</td>
<td>103.3</td>
</tr>
<tr>
<td>2017</td>
<td>99.4</td>
</tr>
<tr>
<td>2018</td>
<td>102.0</td>
</tr>
<tr>
<td>2019</td>
<td>102.0</td>
</tr>
</tbody>
</table>

### Consumer price growth index

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>112.2</td>
</tr>
<tr>
<td>2015</td>
<td>110.9</td>
</tr>
<tr>
<td>2016</td>
<td>104.9</td>
</tr>
<tr>
<td>2017</td>
<td>104.3</td>
</tr>
<tr>
<td>2018</td>
<td>104.6</td>
</tr>
<tr>
<td>2019</td>
<td>105.0</td>
</tr>
</tbody>
</table>

### Socio-economic development of Russia and Bashkortostan in 2019 (growth, %)

<table>
<thead>
<tr>
<th>Category</th>
<th>Russia</th>
<th>Republic of Bashkortostan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial production index</td>
<td>102.4</td>
<td>102.9</td>
</tr>
<tr>
<td>Construction</td>
<td>104.2</td>
<td>102.9</td>
</tr>
<tr>
<td>Retail trade</td>
<td>107.6</td>
<td>103.0</td>
</tr>
<tr>
<td>Real wages</td>
<td>101.9</td>
<td>102.9</td>
</tr>
<tr>
<td>Inflation (% vs. December 2018)</td>
<td>102.9</td>
<td>102.9</td>
</tr>
</tbody>
</table>

### Exports

**Export breakdown by product, USD million**

<table>
<thead>
<tr>
<th>Product</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil products</td>
<td>1,831.1</td>
</tr>
<tr>
<td>Turbo-jet engines and gas turbines</td>
<td>753.3</td>
</tr>
<tr>
<td>Oil</td>
<td>224.4</td>
</tr>
<tr>
<td>Carbonates</td>
<td>107.2</td>
</tr>
<tr>
<td>Cyclic hydrocarbons</td>
<td>102.9</td>
</tr>
<tr>
<td>Nitrogen fertilizers</td>
<td>101.4</td>
</tr>
<tr>
<td>Aromatic hydrocarbons</td>
<td>97.5</td>
</tr>
<tr>
<td>Monocarboxylic acids and their derivatives</td>
<td>70.6</td>
</tr>
<tr>
<td>Chipboard</td>
<td>60.6</td>
</tr>
<tr>
<td>Non-classified products</td>
<td>50.5</td>
</tr>
<tr>
<td>Synthetic rubber</td>
<td>40.6</td>
</tr>
<tr>
<td>Natural gas and other hydrocarbon gases</td>
<td>38.0</td>
</tr>
<tr>
<td>Polyvinyl chloride</td>
<td>34.2</td>
</tr>
<tr>
<td>Plain steel wire</td>
<td>33.3</td>
</tr>
<tr>
<td>Acyclic hydrocarbons</td>
<td>33.0</td>
</tr>
</tbody>
</table>

**Non-energy and non-commodity exports, USD million**

<table>
<thead>
<tr>
<th>Product</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turbo-jet engines</td>
<td>753.3</td>
</tr>
<tr>
<td>Carbonates</td>
<td>107.2</td>
</tr>
<tr>
<td>Cyclic hydrocarbons</td>
<td>102.9</td>
</tr>
<tr>
<td>Nitrogen fertilizers</td>
<td>101.4</td>
</tr>
<tr>
<td>Aromatic hydrocarbons</td>
<td>97.5</td>
</tr>
<tr>
<td>Monocarboxylic acids and their derivatives</td>
<td>70.6</td>
</tr>
<tr>
<td>Chipboard</td>
<td>60.6</td>
</tr>
<tr>
<td>Non-classified products</td>
<td>50.5</td>
</tr>
<tr>
<td>Synthetic rubber</td>
<td>40.6</td>
</tr>
<tr>
<td>Polyvinyl chloride</td>
<td>34.2</td>
</tr>
<tr>
<td>Plain steel wire</td>
<td>33.3</td>
</tr>
<tr>
<td>Acyclic hydrocarbons</td>
<td>33.0</td>
</tr>
<tr>
<td>Sunflower oil</td>
<td>31.8</td>
</tr>
<tr>
<td>Polished glass</td>
<td>24.2</td>
</tr>
<tr>
<td>Products derived from bituminous materials</td>
<td>23.9</td>
</tr>
<tr>
<td>Caustic soda and potassium hydroxide</td>
<td>19.6</td>
</tr>
<tr>
<td>Plain steel wire rod</td>
<td>17.8</td>
</tr>
<tr>
<td>Catalysts (not specified elsewhere)</td>
<td>17.7</td>
</tr>
<tr>
<td>Sugar</td>
<td>15.4</td>
</tr>
<tr>
<td>Phenols</td>
<td>12.7</td>
</tr>
<tr>
<td>Acyclic alcohols</td>
<td>12.1</td>
</tr>
<tr>
<td>Oil cake and oilseed residues (except soya)</td>
<td>12.0</td>
</tr>
<tr>
<td>Fluid-flow pumps</td>
<td>11.9</td>
</tr>
<tr>
<td>Glass containers</td>
<td>11.5</td>
</tr>
<tr>
<td>Plywood</td>
<td>11.0</td>
</tr>
</tbody>
</table>
### Non-energy and non-commodity exports by region, 2019

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CIS</td>
<td>591.1</td>
<td>545.2</td>
<td>29.4</td>
<td>+45.9</td>
<td>+8.4</td>
</tr>
<tr>
<td>Europe</td>
<td>379.7</td>
<td>360.1</td>
<td>18.9</td>
<td>+19.6</td>
<td>+5.4</td>
</tr>
<tr>
<td>APAC</td>
<td>874.9</td>
<td>695.5</td>
<td>43.4</td>
<td>+179.3</td>
<td>+25.8</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>79.9</td>
<td>208.9</td>
<td>4.0</td>
<td>-129.0</td>
<td>-61.8</td>
</tr>
<tr>
<td>The Americas</td>
<td>37.6</td>
<td>74.9</td>
<td>1.9</td>
<td>-37.4</td>
<td>-49.9</td>
</tr>
<tr>
<td>Traders and offshores</td>
<td>50.5</td>
<td>83.4</td>
<td>2.5</td>
<td>-32.8</td>
<td>-39.4</td>
</tr>
</tbody>
</table>

### New partners for non-energy and non-commodity exports (top eight positions)

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports, USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>2.421</td>
</tr>
<tr>
<td>The Central African Republic</td>
<td>1.423</td>
</tr>
<tr>
<td>Guinea</td>
<td>0.596</td>
</tr>
<tr>
<td>Australia</td>
<td>0.594</td>
</tr>
<tr>
<td>Nepal</td>
<td>0.160</td>
</tr>
<tr>
<td>Libya</td>
<td>0.124</td>
</tr>
<tr>
<td>The Dominican Republic</td>
<td>0.057</td>
</tr>
<tr>
<td>Guyana</td>
<td>0.038</td>
</tr>
</tbody>
</table>

### New non-energy and non-commodity export products (top nine products)

<table>
<thead>
<tr>
<th>Product (group) description</th>
<th>Exports, USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw beet sugar</td>
<td>6.634</td>
</tr>
<tr>
<td>Dried chickpeas</td>
<td>5.958</td>
</tr>
<tr>
<td>Supported nickel-based catalysts</td>
<td>2.388</td>
</tr>
<tr>
<td>Nickel fittings</td>
<td>2.076</td>
</tr>
<tr>
<td>Other saturated polyesters</td>
<td>1.448</td>
</tr>
<tr>
<td>Sunflower seeds</td>
<td>1.410</td>
</tr>
<tr>
<td>Rail wheels and axles</td>
<td>1.282</td>
</tr>
<tr>
<td>Non-seed corn</td>
<td>1.222</td>
</tr>
<tr>
<td>Container packing and filling equipment</td>
<td>1.080</td>
</tr>
</tbody>
</table>
### Non-energy and non-commodity exports by country, 2019 (top 15 positions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>602.8</td>
<td>29.9</td>
<td>407.7</td>
<td>+195.1</td>
<td>+47.9</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>280.8</td>
<td>13.9</td>
<td>240.6</td>
<td>+40.1</td>
<td>+16.7</td>
</tr>
<tr>
<td>Finland</td>
<td>216.4</td>
<td>10.7</td>
<td>194.7</td>
<td>+21.7</td>
<td>+11.1</td>
</tr>
<tr>
<td>India</td>
<td>200.6</td>
<td>10.0</td>
<td>245.1</td>
<td>-44.5</td>
<td>-18.2</td>
</tr>
<tr>
<td>Belarus</td>
<td>108.3</td>
<td>5.4</td>
<td>89.7</td>
<td>+18.6</td>
<td>+20.7</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>79.3</td>
<td>3.9</td>
<td>63.1</td>
<td>+16.2</td>
<td>+25.7</td>
</tr>
<tr>
<td>Turkey</td>
<td>67.2</td>
<td>3.3</td>
<td>94.4</td>
<td>-27.3</td>
<td>-28.9</td>
</tr>
<tr>
<td>Latvia</td>
<td>47.8</td>
<td>2.4</td>
<td>21.7</td>
<td>+26.1</td>
<td>+120.1</td>
</tr>
<tr>
<td>Netherlands</td>
<td>41.7</td>
<td>2.1</td>
<td>76.3</td>
<td>-34.6</td>
<td>-45.4</td>
</tr>
<tr>
<td>Thailand</td>
<td>32.0</td>
<td>1.6</td>
<td>6.1</td>
<td>+25.8</td>
<td>+421.7</td>
</tr>
<tr>
<td>Ukraine</td>
<td>29.8</td>
<td>1.5</td>
<td>57.8</td>
<td>-28.0</td>
<td>-48.5</td>
</tr>
<tr>
<td>Lithuania</td>
<td>28.9</td>
<td>1.4</td>
<td>46.8</td>
<td>-17.9</td>
<td>-38.2</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>26.2</td>
<td>1.3</td>
<td>25.6</td>
<td>+0.6</td>
<td>+2.3</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>24.3</td>
<td>1.2</td>
<td>14.0</td>
<td>+10.3</td>
<td>+74.0</td>
</tr>
<tr>
<td>Poland</td>
<td>21.9</td>
<td>1.1</td>
<td>22.6</td>
<td>-0.7</td>
<td>-3.0</td>
</tr>
</tbody>
</table>

### Exports by country, 2019 (top nine positions)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>USD million</td>
<td>Share of exports, %</td>
<td>USD million</td>
<td>Growth, USD million</td>
</tr>
<tr>
<td>Latvia</td>
<td>698.3</td>
<td>16.9</td>
<td>996.8</td>
<td>-298.5</td>
</tr>
<tr>
<td>China</td>
<td>603.2</td>
<td>14.6</td>
<td>419.0</td>
<td>+184.2</td>
</tr>
<tr>
<td>Belarus</td>
<td>334.4</td>
<td>8.1</td>
<td>592.9</td>
<td>-258.4</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>329.9</td>
<td>8.0</td>
<td>317.2</td>
<td>+12.7</td>
</tr>
<tr>
<td>Malta</td>
<td>283.8</td>
<td>6.9</td>
<td>0.4</td>
<td>+283.4</td>
</tr>
<tr>
<td>Finland</td>
<td>277.8</td>
<td>6.7</td>
<td>228.2</td>
<td>+49.6</td>
</tr>
<tr>
<td>Netherlands</td>
<td>242.1</td>
<td>5.8</td>
<td>218.1</td>
<td>+24.0</td>
</tr>
<tr>
<td>India</td>
<td>201.2</td>
<td>4.9</td>
<td>247.0</td>
<td>-45.8</td>
</tr>
<tr>
<td>Turkey</td>
<td>133.9</td>
<td>3.2</td>
<td>233.8</td>
<td>-99.9</td>
</tr>
</tbody>
</table>
Investment potential

1 Geography

Bashkortostan is located in the Southern Urals, at the crossroads of Europe and Asia and in the basins of the Volga, Ural and Ob rivers. The Republic is part of the Volga Federal District.

Bashkortostan borders the highly developed Perm Territory and Sverdlovsk Region to the north (border length of around 340 km and 170 km, respectively), Chelyabinsk Region to the east (around 1,330 km), Orenburg Region to the south and south-west (around 1,140 km) and the Republic of Tatarstan and the Udmurt Republic to the west and north-west (around 420 km and 100 km, respectively).

Two thirds of the republic are covered by hilly plains, one fourth by mountains (Southern Urals) and over one tenth by hilly terrain (Bashkir Trans-Urals).

There are four geographical zones: mixed forest, broad-leaved forest, forest-steppe and steppe.

The republic has a continental temperate, with warm summers and moderate winters.

The average temperature of the hottest month (July) is +19°C. The average temperature of the coldest month (January) is −16°C.

2 Forest resources

5.7 million hectares, or 40% of Bashkortostan’s total land area, is covered by forests.

785.2 million cubic meters of growing wood stock, predominated by birch, oak, maple and conifer trees, are present in the region’s forests.

69.3% of the total volume of wood stocks in forests are classified as exploitable.

Main forest-forming species

99.9% of the region’s total forest consists of birch, lime tree, pine, aspen, fir and oak.

The republic is home to Russia’s largest expanse of lime trees, which are very important honey plants for beekeepers.

The key growth areas for the region’s forestry sector are added value wood processing and the creation of new facilities to re-use and process low-grade wood and timber waste.
Water resources

The average volume of annually renewable water resources comprises:

- Water coming from neighboring regions (Perm Territory, Chelyabinsk, Sverdlovsk and Orenburg regions and the Republic of Tatarstan): 9.5 billion cubic meters;
- Water resources forming within the republic: 25.5 billion cubic meters.

Water supply per person: 8,750 cubic meters per annum (24 cubic meters per day).

The republic has approximately 13,000 rivers and 2,000 lakes, in addition to numerous ponds and reservoirs. Water availability is ensured by regulating river flows with reservoirs and ponds. Bashkortostan currently operates 491 water reservoirs and ponds, 132 of which have a volume of more than 1 million cubic meters.

Mineral resources

As of 1 January 2019, there were 763 registered mineral fields in Bashkortostan, excluding 267 peat deposits.

The republic increased its mineral extraction index to 111.9% in 2019 from 109.4% in 2018.

According to data from Bashkortostan’s Ministry of Economic Development, in 2019 the republic retained its position as a leading center of resource extraction and processing in Russia:

**No. 1 region** for primary oil refining;

**No. 1 region** for sodium carbonate production.

Bashkortostan extends across more than 14 million hectares. There are gray forest soils (along the right bank of the Belaya River, below the mouth of the Sim River), soddy-podzolic soils (northern Bashkortostan), black soils (on the left bank of the Belaya River and in the Bashkir Trans-Urals Region) and mountain soils.

Industrial production

Bashkortostan’s industrial production index reached 104.2% in 2019.

The republic’s industrial production includes mining, manufacturing, as well as the generation and distribution of electricity, gas and water.

The manufacturing sector accounts for 72.8% of industrial products shipped.

The core segments that account for the vast majority of the manufacturing industry’s output are:

- Oil products (33.9%)
- Engineering products (13.6%)
- Chemicals and chemical products (11.4%)

In 2019, the volume of production, works and services produced, shipped, or performed in Bashkortostan by net economic activity in all sectors exceeded RUB 1.78 trillion (up 2.5% compared to 2018), making the republic **No. 2** in the Volga Federal District and **No. 10** among all Russian regions.
Map of mineral and other natural resources

- Ferrous metallurgy
- Mechanical engineering
- Oil refining
- Gas processing
- Chemical production
- Petrochemical production
- Timber and wood processing
- Construction materials
- Glass industry
- Consumer products
- Food industry
- Brown coal
- Oil
- Natural gas
- Iron ore
- Copper ore
- Sodium salt
- Limestone
- Plaster stone
The structure of Bashkortostan’s industrial production in 2019 (%)

- Consumer products: 0.5%
- Rubber and plastic products: 1%
- Timber and wood processing: 1.2%
- Pharmaceuticals: 1.4%
- Other: 1.9%
- Construction materials: 2.7%
- Metals and mining: 3.2%
- Food industry: 5.5%
- Electricity, gas and steam: 8%
- Chemicals: 11.2%
- Automotive sector: 13.6%
- Oil and mineral production-related services: 15.9%
- Oil products: 33.9%

Bashkortostan’s ranking for the production of selected industrial products in the Russian Federation

<table>
<thead>
<tr>
<th>No. 1</th>
<th>No. 2</th>
<th>No. 3</th>
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<tbody>
<tr>
<td></td>
<td>silica gels</td>
<td></td>
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<tr>
<td>2. Refined crude oil</td>
<td>2. Plastics in primary forms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Petrol</td>
<td>3. Helicopters</td>
<td></td>
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<tr>
<td>4. Diesel</td>
<td>4. Hydraulic and pneumatic motors</td>
<td></td>
<td></td>
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<tr>
<td>5. Concrete pump trucks and ready-mix</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>trucks and ready-mix trucks</td>
<td></td>
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<tr>
<td>6. Trailers and semi-trailers (with</td>
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<tr>
<td>technical permissible maximum towable</td>
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<tr>
<td>mass of 3.5-10 t)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>7. Industrial furnaces and cabinets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Thermally polished plate glass</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Sports boats and recreational craft</td>
<td></td>
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</tr>
</tbody>
</table>
Priority sectors for development

1. Oil production and refining

Bashkortostan is one of the oldest oil-producing regions in the country.

It accounts for 2.9% of total Russian oil output, including gas condensate, ranking eighth among all Russian regions for production volumes and first for primary crude oil processing. The oil conversion ratio is 84.7%, compared to the Russian average of 82.8%.

Bashkortostan is the No.1 producer of diesel fuel and petrol in Russia. The republic produces petrol, diesel and fuel oil.

Key growth areas for this industry
• Increasing the oil conversion ratio
• Improving the quality of fuel produced
• Ensuring the environmental safety of production

2. Chemicals and petrochemicals industry

Russia’s largest industrial hub for the production of organic and non-organic chemicals is located in Bashkortostan.

Bashkortostan’s chemicals industry accounts for 11.2% of the region’s industrial output (by shipped products).

Bashkortostan has historically produced sodium carbonate and caustic soda, ethylene, propylene, benzene, toluene, styrene, monatomic alcohols, rubbers, mineral and chemical fertilizers, plastics in primary forms, phthalic anhydride, technical, gas-derived sulfur, polymer-based paints and varnishes, as well as other chemical products.

The region is one of the leading producers in Russia of the following chemical products:

No. 1 producer of sodium carbonate
No. 2 producer of plastics in primary forms, silica gels, ethylene, xylene, styrene
No. 3 producer of synthetic rubber and technical, gas-derived sulfur

Key growth areas for this industry
• Investing in existing plants
• Expanding the product range to support import substitution
• Developing low-tonnage chemical industry products for Bashkortostan to boost import substitution and expand the capabilities of chemical plants in the region

3. Automotive sector

The automotive production has traditionally been a key pillar of Bashkortostan’s industrial sector, helping to transform the region into one of Russia’s industrial powerhouses.

Bashkortostan is a major automotive hub:

No.1 producer of concrete pump trucks and ready-mix trucks, as well as trailers and semi-trailers with technical permissible maximum towable mass from 3.5 to 10 tonnes

No. 2 producer of civil helicopters, hydraulic and pneumatic motors

No. 3 producer of vehicle bodies

No. 4 producer of buses
The sector also includes high-tech industries such as the production of plane engines, machinery, equipment for gas producers and refineries, electrical equipment, electronics and optical equipment.

4. Energy

Bashkortostan's network of 110, 220 and 500 kWt electric lines totals 13,000 km in length. The total installed capacity of all power stations in the republic exceeds 5,500 MWt and comprises:

- Thermal power plants (95.2%);
- Hydropower plants (4.0%);
- Solar and wind power plants (0.8%).

Bashkortostan’s energy grid also makes use of renewable energy sources.

There are currently three solar power plants generating electricity for the wholesale market with total installed capacity of 44 MWt, or 0.8% of the republic’s total installed capacity.

Agriculture

The region is one of Russia's top ten agricultural producers. A total of 1.53 million people live in rural areas, over 37.8% of Bashkortostan's population.

The republic's agricultural land totals:

- **7.3 million** hectares of farmland
- **3.6 million** hectares of ploughed land

The republic is a leading Russian region for key agricultural products.

**Largest producer:**

- Beef (183,600 tonnes)
- Kumis (fermented dairy product) (3,400 tonnes)
- Commercial honey (5,500 tonnes)

**Second largest producer:**

- Cattle livestock (955,400 head) (second in the Volga Federal District)
- Milk (1,641,100 tonnes) (second in the Volga Federal District)
- Horse livestock (114,300 head)

**Fourth largest producer:**

Potatoes (852,000 tonnes) (second in the Volga Federal District)

**Ninth largest producer:**

Sheep and goat livestock (716,100 head) (first in the Volga Federal District)

**Tenth largest producer:**

Cattle and poultry for slaughter (403,200 tonnes live weight)
Bashkortostan is also a major producer in the Volga Federal District of the following goods:

**Largest** population of pig livestock

**Second** largest producer of grains and grain legumes

**Third** largest producer of sugar beet

**Fourth** largest producer of vegetables

**Fifth** largest producer of sunflowers

**Sixth** largest producer of eggs

**Principal agricultural products:** grains, sugar beet, oil crops, vegetables, fodder, meat and dairy.

The high yields and the vast lands available to the region's agricultural sector create opportunities for food storage and processing projects (canning factories, Class A warehouses with washing and packing facilities, hide processing plants, etc.).

### Metrics

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</thead>
<tbody>
<tr>
<td>Gross output value, RUB billion</td>
<td>136.9</td>
<td>159.5</td>
<td>158.7</td>
<td>157.3</td>
<td>157.5</td>
<td>167.1</td>
<td>106.4</td>
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<tr>
<td>Agricultural production index, %</td>
<td>100.9</td>
<td>103.1</td>
<td>100.7</td>
<td>103.3</td>
<td>99.4</td>
<td>102.0</td>
<td>102.6</td>
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<tr>
<td>Food production index*, %</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>105.0</td>
<td>97.9</td>
<td>97.8</td>
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<tr>
<td>Production output, '000 tonnes:</td>
<td></td>
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<td></td>
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<tr>
<td>milk</td>
<td>1,773.1</td>
<td>1,812.3</td>
<td>1,730.8</td>
<td>1,718.4</td>
<td>1,623.9</td>
<td>1,641.1</td>
<td>101.1</td>
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<td>meat</td>
<td>395.8</td>
<td>393.9</td>
<td>397.4</td>
<td>410.2</td>
<td>400.1</td>
<td>403.2</td>
<td>100.8</td>
</tr>
<tr>
<td>Total harvest volume, '000 tonnes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>grains</td>
<td>2,421</td>
<td>3,005</td>
<td>3,324</td>
<td>3,783</td>
<td>3,059</td>
<td>3,247</td>
<td>106.2</td>
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<td>sugar beet</td>
<td>1,250</td>
<td>1,301</td>
<td>1,362</td>
<td>1,594</td>
<td>1,426</td>
<td>1,802</td>
<td>126.4</td>
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<tr>
<td>sunflower</td>
<td>210</td>
<td>267.9</td>
<td>225</td>
<td>274</td>
<td>324</td>
<td>356</td>
<td>109.9</td>
</tr>
<tr>
<td>vegetables and potatoes</td>
<td>1,558</td>
<td>1,500</td>
<td>1,439</td>
<td>1,346</td>
<td>1,165</td>
<td>1,142</td>
<td>98.1</td>
</tr>
</tbody>
</table>

* The Bashkortostan Statistical Service excluded beverages from the food production index calculation starting from 2017.
Agricultural sector development priorities

1. Crop farming
   • Grain
   • Sugar beet production and processing
   • Field and greenhouse vegetables
   • Oil crops

2. Animal farming
   • Dairy cattle breeding
   • Increasing commercial milk production
   • Increasing production of cattle, poultry, pork and eggs

3. Food and processing industry
   • Cereal production, pastry and pasta products
   • Dairy and meat products, semi-finished products
   • Cheese and cheese products
   • Honey and hive products
   • Agricultural exports — 115 USD million

Measures planned

• Introducing new grain farming technologies, improving the fodder base and boosting the production of oilseeds
• Developing the production of highly-nutritious feed
• Building plants to store and process agricultural produce, as well as food canning facilities
• Manufacturing products with medicinal and preventive properties, as well as baby food

Transportation

Bashkortostan lies at the crossroads of Europe and Asia, where the most important waterways, railways, pipelines and highways connect European Russia with the Urals, Siberia and Central Asia.

Bashkortostan has multiple advantages in transportation and logistics, facilitating the import and export of raw materials, fuel and finished goods and the development of economic ties with other countries:

• The Trans-Siberian railway passes through Bashkortostan, connecting Central Russia with Siberia, the Far East and Central Asia.
• Bashkortostan has access to five seas (Caspian, Azov, Black, Baltic and White) via the Belaya, Kama and Volga rivers. The town of Agidel serves as an inland port.
• The M5 Ural and M7 Volga highways, as well as P-240 Ufa-Orenburg road pass through Bashkortostan.

Bashkortostan has the second longest toll-free hard-surface road network of Russia’s regions and the longest road network in the Volga Federal District.

Ufa International Airport was the first regional airport in Russia to achieve compliance with ISAGO Standards (IATA Safety Audit for Ground Operations). Its runways are suitable for large cargo and passenger aircrafts including Boeing 747, Boeing 777, as well as wide-body aircrafts.

General information about Ufa International Airport

• Passenger traffic: 3.5 million people per year
• Total capacity: 800 passengers per hour
• Number of runways: 2
For three years running (2016-2018), Ufa International Airport has won the National Aviation Infrastructure Show (NAIS) and the Federal Air Transport Agency’s “Airway Gates of Russia” Award for the best international airport with less than 4 million passengers per year. The winners are decided by a panel of experts and passengers via online voting. In 2015, the Aviaport agency gave Ufa International Airport four out of five stars in recognition of the quality of the terminal infrastructure and passenger services. In 2020, Ufa International Airport was ranked sixth in Forbes’ survey of the most comfortable Russian airports. A total of 35 airports with annual throughput exceeding 800,000 passenger participated in the survey. Forbes analyzed 18 metrics, including transport accessibility, routes, airport services, punctuality, luggage waiting times and international awards.

The quality of passenger services will improve after the completion of an upgrade to the domestic terminal, increasing its passenger traffic to 2,000 people per hour.

Bashkortostan has a railway network of more than 3,000 kilometers.

Rail freight traffic: over 30 million tonnes per year.

Rail passenger traffic: over 5 million people per year.

**Regional transport network construction projects**

- The East Exit Tunnel connecting exit from Ufa with the Urals Federal Highway (M5), the largest concession project in Russia
- Bridge crossing over Vorovskiy street in Ufa
- Bridge crossing over Internatsionalnaya street in Ufa
- Construction of the Salavat Yulaev Avenue highway in Ufa
- Agidel river cargo port
- Reconstruction of Ufa railway station
- Major structural repairs of the Agidel-Neftekamsk railway line
- Neftekamsk Bypass
- Birsk Bypass
- Development of a public light rail transit system in Ufa
- Creation of a smart transportation system in Bashkortostan

**Retail market**

An advantageous geographic location, developed transport infrastructure, stable economic situation and high population density create a favorable environment for doing business in Bashkortostan.

The region has a population of more than 4 million people.

There are six cities of over one million people within a 500-kilometer radius of Ufa.

Population density is 28.25 people per square kilometer (compared to the national average of 8.57 people per square kilometer).

In 2018, retail sales totaled RUB 931.5 billion, or a 1.3% increase on 2018 in comparable prices.

The republic is usually one of the top ten Russian regions for absolute retail turnover (ninth place in 2019).

The turnover of the public catering market rose to RUB 30.8 billion, growing by 0.3% vs. 2018 in comparable prices.
Rich water resources, diverse and unique flora and fauna, stunning natural landscapes, protected conservation zones, as well as historical, cultural and natural monuments of national and international importance provide investors with extensive opportunities to develop the tourism and recreation industry in the region.

Bashkortostan is one of Russia’s most popular regions for health and medical tourism, as well as a major center for alpine sports and skiing. Nineteen of the Urals’ 32 ski resorts are located in Bashkortostan. (Olympic Park, Abzakovo, Ak-Yort, Arsky Kamen, Assy-Tau, Kandry-Kul, Kush-Tau, Mratkino, Pavlovsky Park, etc.). The ski season starts in mid-November and lasts until early May.

There are about 300 karst caves, 13,000 rivers (with total length exceeding 57,000 km), 2,000 lakes, mountain ranges, three national parks, more than 4,500 historical, artistic, cultural and archaeological monuments and more than 60 sanatorium-resort centers (Zelenaya Roscha, Krasnousolski, Yumatovo, Yakt-Kul, Yangan-Tau, Talkas, Assy, Tanyp, Yubileyniy, Karagai, Ai, etc.).

**Bashkortostan tourist attractions**

- Picturesque natural scenery
- Cultural heritage (Lake Kandrykul, Shulgan-Tash nature reserve and Kapova cave, which are part of the Bashkir Ural biosphere reserve)
- Well-developed transport infrastructure

The region offers a wide range of accommodation options, including international hotel chains (Holiday Inn, Hilton Garden Inn, Hampton, Crowne Plaza) and local hotels (Iremel, Azimut, Bashkiria, Tan, AMAKS Hotels & Resorts, President Hotel).
Bashkortostan’s tourism rankings

No. 1 in the Volga Federal District and No. 5 in Russia by the volume of spa and sanatorium services (RUB 4.91 billion, up 4.9% vs. 2018)

No. 3 in the Volga Federal District and No. 9 in Russia by the volume of the tourism services (RUB 4.3 billion, up 6.3% vs. 2018)

The number of tourists visiting Bashkortostan rose by 7% in 2019 compared to 2018, reaching 2.7 million people.

Tourism development priorities:

- Ecotourism and extreme sports (horse riding, hiking, snowmobile riding, rafting)
- The further development of traditional recreational and health activities and winter sports
- Increasing investment in the hospitality industry and healthcare
The Republic of Bashkortostan has a well-developed local banking network, featuring:

- One bank headquartered in Bashkortostan: OOO PromTransBank;
- Fifty-five credit organizations from other regions.

In the eighth month of 2019, banks operating in Bashkortostan issued 235,500 credit cards.

Loans to individuals totaled RUB 482.2 billion as of 1 January 2020.

In total, 679,500 consumer loans were issued in Bashkortostan in 2019, the fourth highest in Russia.

Bashkortostan has one of the most developed higher education systems in Russia. There are nine standalone state higher education institutions in the region, covering a wide spectrum of disciplines, including Ufa State Petroleum Technological University (the main higher education institution), Ufa State Aviation Technical University, Bashkir State University, Bashkir State Medical University, M. Akmullah Bashkir State Pedagogical University (the leading university for humanities, specializing in promoting Russian language in Shanghai Cooperation Organization member states), Zagir Ismagilov Ufa State University of Arts, Bashkir State Agricultural University, Bashkir Academy of State Service and Management under the Head of the Republic of Bashkortostan, Ufa Law Institute of the Ministry of Internal Affairs.
Investor incentives

The principles of project management guide our efforts to improve the investment climate in Bashkortostan.

The Investment Council of Bashkortostan was created to develop and implement a consistent investment policy that meets socio-economic goals and priorities, attracts investment into the region and fosters a better investment climate.

The Project Office was established to swiftly resolve any issues or queries that the business community may have when investing and operating in the republic and implement best practices across the board to create a favorable business environment, in line with Bashkortostan’s goals for the Bashkortostan Regional Integrated Center.

The Investment Council meets at least one per quarter and the Project Office has weekly meetings. Proposals put forward by businesspeople are put on the agendas and discussed at both meetings.

Decisions on new investment projects in the region are taken at Investment Hour meetings. Radiy Khabirov holds weekly investor meetings where major market players can put forward investment proposals and secure support from the government. Decisions made at Investment Hour meetings allow investors to reduce the project lead-time and increase viability.

The key achievements of the Project Office are:

- Launching the dedicated “Workshop of the Future” business center (including an innovation center for young people, a business accelerator, a business incubator, a technoport and centers for folk art and handicraft, social entrepreneurship and engineering);
- Creating a single business and investment portal;
- Allocating funds to create coworking centers in 20 townships;
- Slashing waiting times for state and municipal services requested by businesses;
- Reducing the medical licensing process from 45 to 25 days;
- Cutting the time needed for municipal authorities in Ufa to issue groundwork and felling permits to 10 business and 10 calendar days, respectively;
- Reducing the lease approval process for state property to small businesses (excluding land plots) to 23 calendar days;
- Implementing the Municipal Construction Support Information System (MCSIS).

To improve the conditions for entrepreneurship and investment in towns and cities across the republic and promote collaboration between local authorities and businesses, the Head of Bashkortostan approved Decree No. RG-67 “The Performance Standard for Local Self-Government Authorities to Develop Entrepreneurship in Municipal Districts of Bashkortostan”.

Investment Guide to the Republic of Bashkortostan
The Institute of Business Sheriffs was established and the role of Deputy Head for Entrepreneurship was created in local municipal administrations.

The republic has an effective investment support framework in place. Investors can take advantage of three business incubators: the Business Support Center, the Regional Integrated Center – Bashkortostan and the Bashkortostan Social Innovation Center.

There are seven technology parks, 12 industrial parks, three technology transfer centers, the Bashkortostan Venture Fund, 22 start-ups at higher educational and scientific organizations, three knowledge sharing centers, two prototyping centers and the Bashkortostan Regional Engineering Center.

Information about the region’s available capacities and gas and electricity grid connection points can be found on the investment website of Bashkortostan: http://map.bashkortostan.ru/.

Information about the region’s available investment sites and investment proposals can be found on the website of the Development Corporation of the Republic of Bashkortostan: http://kr-rb.ru/.
Development Corporation of the Republic of Bashkortostan

The Development Corporation of the Republic of Bashkortostan is the region's main development institution*.

The corporation provides integrated support for local investment projects at all stages: from preliminary studies to commissioning.

It offers a whole range of full-scope/targeted project support services, including business plan preparation and ongoing project support from regional government agencies, all the way to obtaining region-wide approvals.

The procedure for interaction between investors, regional government agencies and the Corporation during an investment project is defined by the One-Stop-Shop Regulation (approved by Bashkortostan Government Resolution No.490 of 16 November 2016).

Investment projects are supported by an authorized organization throughout the entire project and until the completion of the investment phase. This includes:

a) Advising investors on the status of investment projects;

b) Informing investors about investment opportunities and the investment potential of the republic as a whole and specific cities;

c) Coordinating communication between investors and local, federal and regional government agencies, as well as local governments and organizations dealing with preparatory, conciliation and licensing procedures during investment projects;

d) Assisting in the search for potential partners for investment projects;

e) Establishing relationships between investors and non-governmental investment support institutions;

f) Arranging negotiations, meetings, conferences and consultations to resolve issues arising during investment projects;

g) Assisting in the selection of investment sites suitable for specific investment projects.

* Established by Order of the President of Bashkortostan No. UP-730 of 20 December 2010
In addition to the services indicated in the Regulation, the Corporation also offers construction supervisory services and technical client services (industrial construction, transport and engineering infrastructure projects in Bashkortostan), including the construction of railways, highways, power, gas and water networks, etc.).

**Pre-project phase services:**

- Surveys of potential construction sites to assess architectural, legal, engineering and environmental risks
- Assistance with the allocation of land plots
- Collection of preliminary permits
- Preparation of a SOW for survey, design and general contract work
- Assistance with contracts for engineering surveys, project documentation and general contractor services

**Design phase services:**

- Interaction with design institutes during the preparation of project documentation
- Support during the expert review of project documentation to accelerate the project
- Assistance with obtaining building permits
- Preparation of the set of documents for work requests to reduce project costs (where necessary)

**Construction phase services:**

- Comprehensive supervision throughout the construction process
- Assistance with obtaining commissioning permits

**Legal services:**

- Legal advice: document review, issuing an opinion on regulatory compliance with due consideration of existing court practice
- Due diligence: legal due diligence of documents, company audits
- Legal advice on investments: comprehensive legal support for investment projects, including foreign investment
- Incorporation of legal entities with foreign investment: preparation of all required documents, communicating changes to the tax authorities
- Representation in court: comprehensive litigation support, professional protection of investors' interests in Bashkortostan and other regions
- Subscription legal services: end-to-end support with all legal matters
- Debt collection: pre-trial recovery through negotiation/support with enforcement proceedings
- Private partnership: preparation, development and maintenance of draft public-private and public-local partnerships (including liaison with government agencies)
Investment in Bashkortostan in 2019

RUB 290.6 billion
The total amount invested in supported projects

140
The number of supported projects

RUB 7.923 billion
The total amount invested in TPSED projects

15,400
The number of jobs created

4
The number of projects in Bashkortostan that received TPSED status

33
The number of projects on Bashkortostan’s priority investment project list

7
The number of investment projects supported in public-private partnerships and concessions

+16.29% vs. 2018

+35.92% vs. 2018

+100% vs. 2018

+6.45% vs. 2018

+4.306.31% vs. 2018
Industrial parks

Bashkortostan has created special zones for new industrial enterprises (industrial parks).

An industrial park is a cluster of facilities that aims to promote and modernize industrial production by providing residents with all the necessary industrial, administrative, warehousing, power, utilities and transport infrastructure. Parks are managed by a single operator (management company) — a commercial or non-profit organization established in accordance with Russian legislation.

An industrial park hosts several independent businesses across one or multiple industries.

Bashkortostan has 12 industrial parks. A number of new industrial parks are scheduled to open in 2020.

Advantages of industrial parks:
• Accelerated project launch
• Availability of the necessary permits, project, legal and other documentation
• Well-developed, readily accessible infrastructure
• Opportunity to engage in a JV/second line business
• Services of the management company
Technology parks, industrial parks, clusters and territories of priority social and economic development (TPSED) in the Republic of Bashkortostan

- **Existing industrial parks**
- **Territories of priority social and economic development (TPSED)**
- **Technology parks**
- **Clusters**
- **Special economic zone Alga**

**4** Number of parks, if more than one at the location

- **Ufa**
  - Neftekamsk
  - Agidel
  - Blagoveshchensk
  - Ufa District
  - Chishminsky district
  - Belebey
  - Sterlitamak
  - Ishimbaiskiy and Sterlitamak districts
  - Meleuz
  - Kumertau
  - Beloretsk
### Industrial parks

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Year of establishment</th>
<th>Number of residents</th>
<th>Total area*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ufimsky Industrial Park</td>
<td>Ufa District</td>
<td>2013</td>
<td>17</td>
<td>298.5 ha</td>
</tr>
<tr>
<td>Prikamye Industrial Park</td>
<td>Neftekamsk</td>
<td>2010</td>
<td>19</td>
<td>100 ha</td>
</tr>
<tr>
<td>Agidel</td>
<td>Agidel</td>
<td>2010</td>
<td>-</td>
<td>106.7 ha</td>
</tr>
<tr>
<td>C11</td>
<td>Ufa</td>
<td>2017</td>
<td>40</td>
<td>8.7 ha</td>
</tr>
<tr>
<td>BelCam</td>
<td>Neftekamsk</td>
<td>2019</td>
<td>Seven agreements of intent</td>
<td>44.4 ha</td>
</tr>
<tr>
<td>Veles</td>
<td>Sterlitamak</td>
<td>2015</td>
<td>11</td>
<td>8.3 ha</td>
</tr>
<tr>
<td>GlavBashStroy</td>
<td>Ufa District</td>
<td>2014</td>
<td>10</td>
<td>56.9 ha</td>
</tr>
<tr>
<td>Nizhegorodsky</td>
<td>Ufa</td>
<td>2015</td>
<td>Two agreements of intent</td>
<td>82.6 ha</td>
</tr>
<tr>
<td>PromCenter</td>
<td>Ufa</td>
<td>2013</td>
<td>12</td>
<td>13.62 ha</td>
</tr>
<tr>
<td>Center of Agricultural Technology</td>
<td>Chishmisky district</td>
<td>2021</td>
<td>4</td>
<td>60 ha</td>
</tr>
<tr>
<td>Blagoveshchensk Industrial Park</td>
<td>Blagoveshchensk</td>
<td>2019</td>
<td>1</td>
<td>10,000 square meters</td>
</tr>
<tr>
<td>Neftekamsk Industrial Park</td>
<td>Neftekamsk</td>
<td>2019</td>
<td>5</td>
<td>20,000 square meters</td>
</tr>
</tbody>
</table>

*Hectares are used to indicate the total area of a land plot; square meters are used to indicate the total area of the facilities.*
Special economic zone

Bashkortostan set up the Alga industrial and manufacturing special economic zone (SEZ) in Ishimbaiskiy and Sterlitamak districts. The privileges of SEZs last for 49 years.

The residents of industrial and manufacturing SEZs must meet the following requirements:

- Be a commercial entity (with the exception of unitary enterprises);
- Be registered in the municipal district where the SEZ is located;
- Not have any branches or representative offices outside the SEZ;
- Have agreements with the management authorities of the SEZ to conduct industrial and manufacturing operations or logistic activities in the SEZ (signed by the resident, the Russian Economic Development Industry, respective regional executive authorities and the management company);
- Capital investments amounting to at least RUB 120 million, including RUB 40 million within the first three years.

Privileges for SEZ residents

<table>
<thead>
<tr>
<th>Privilege type</th>
<th>Budget</th>
<th>General regime</th>
<th>Regime for SEZ residents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate income tax</strong></td>
<td>Federal budget</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>Regional budget</td>
<td>17%</td>
<td>First five years — 0%, next five years — 5%, after 10 years — 13.5% (stipulated by regional law)</td>
</tr>
<tr>
<td><strong>Property tax</strong></td>
<td>Regional budget</td>
<td>2.2%</td>
<td>0% for 10 years after registration of the property</td>
</tr>
<tr>
<td><strong>VAT</strong></td>
<td>Federal budget</td>
<td>20%</td>
<td>20% (0%)* From 2019</td>
</tr>
<tr>
<td><strong>Land tax</strong></td>
<td>Local budget</td>
<td>1.5%</td>
<td>0% Five years after title registration</td>
</tr>
<tr>
<td><strong>Transportation tax</strong></td>
<td>Regional budget</td>
<td>RUB 10–250/hp</td>
<td>Ten-year exemption from the date of the vehicle registration (stipulated by regional law)</td>
</tr>
</tbody>
</table>

* If products are supplied within the free customs zone.

Contacts

**Management Company of SEZ Alga**
Development Corporation of the Republic of Bashkortostan
Nesterov Business Center, 6 Verkhnetorgovoyava Square, Ufa, 450077, Republic of Bashkortostan
Tel.: +7 (347) 214 90 70
Email: infokrrb@bashkortostan.ru
www.kr-rb.ru/ploschadki/oez
Monocities and TPSED

On 29 December 2016, the Russian government issued Resolutions Nos. 1536 and 1550 assigning TPSED status to the monocities of Belebey and Kumertau. In February 2019, the government set up three more TPSEDs in Blagoveshchensk, Neftekamsk and Beloretsk.

Privileges for TPSED residents

Companies included in the register of TPSED residents receive a number of privileges, including statutory income tax benefits. They do not pay the federal part of the tax, while the regional component of the corporate income tax does not exceed 5% in the first five years and 10% in the next five years.

TPSED residents are also exempt from property tax and other taxes and duties. The rights to these exemptions are granted by individual Russian regions. A reduced coefficient is applied to mineral extraction tax.

Lower rates on social contributions also apply. These terms only apply to TPSED residents during the first three years of TPSED status. The government adopted a law in 2019 that reduces tax rates for TPSED residents using a simplified taxation system. Taxpayers can exercise their right to use this benefit for three tax periods.

Detailed information on the benefits available to TPSED residents is provided in the table.
### Tax benefits for TPSED residents in Bashkortostan

<table>
<thead>
<tr>
<th>Types of benefit</th>
<th>General regime</th>
<th>TPSED regime</th>
<th>Duration of benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate income tax</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal budget</td>
<td>3%</td>
<td>0%</td>
<td>First five years</td>
</tr>
<tr>
<td>Regional budget</td>
<td>17%</td>
<td>5%</td>
<td>First five years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10%</td>
<td>Next five years</td>
</tr>
<tr>
<td><strong>Property tax</strong></td>
<td>2.2%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td><strong>Social contributions by employers</strong></td>
<td>30% of payroll fund</td>
<td>7.6% of payroll fund</td>
<td></td>
</tr>
<tr>
<td>to the Russian Pension Fund</td>
<td>22%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>to the Social Insurance Fund</td>
<td>2.9%</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>to the Obligatory Medical Insurance Fund</td>
<td>5.1%</td>
<td>0.1%</td>
<td>10 years</td>
</tr>
<tr>
<td><strong>Land tax</strong></td>
<td>0.3–1.5%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>(depending on on the type of the charge)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reduction of the mineral extraction tax</strong></td>
<td>None</td>
<td>0</td>
<td>First two years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.2–1</td>
<td>Years 3–10 increased proportionally every two years</td>
</tr>
<tr>
<td><strong>Lower tax rate for taxpayers applying the simplified taxation system</strong></td>
<td>Revenue — 6%</td>
<td>Revenue — 2%</td>
<td>Until 31 December 2021</td>
</tr>
<tr>
<td></td>
<td>Revenue and expenses — 15%</td>
<td>Revenue and expenses — 5%</td>
<td></td>
</tr>
<tr>
<td><strong>Reduced lease rates for state (municipal) non-residential property</strong></td>
<td>0.01–3.0</td>
<td>0.01</td>
<td>10 years</td>
</tr>
</tbody>
</table>
Six monocities (single-industry municipalities)

In accordance with Russian Government Resolution No. 1398-r of 29 July 2014, monocity status was granted to the following cities:

- Belebey and Kumertau (Category 1)
- Neftekamsk and Beloretsk (Category 2)
- Uchaly and Blagoveshchensk (Category 3)

Support offered by Monocity Development Fund (MDF)

1. **Subsidies for construction (reconstruction) of infrastructure for investment projects in monocities**

Co-fineses the costs incurred by Russian regions and municipalities to construct and reconstruct infrastructure that is critical for launching new investment projects in monocities.

The MFD co-fineses no more than 95% of operations for each facility, while the regional government finances at least 5% of such projects.

2. **Issuance of low-interest loans to investment projects in monocities**

The terms of loans are set out in the table.
### Terms of loan issuance by the Funds

<table>
<thead>
<tr>
<th>RUB 5 — 250 million</th>
<th>&gt;RUB 250 million — 1 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual interest rate — 0% p.a.</td>
<td>Interest rate — 5% p.a.</td>
</tr>
<tr>
<td>Loan term — up to 15 years</td>
<td>Loan term — up to 15 years</td>
</tr>
<tr>
<td>Initiator (borrower) — individual entrepreneur or a legal entity resident in the Russian Federation</td>
<td>Initiator (borrower) — legal entity resident in the Russian Federation</td>
</tr>
<tr>
<td>Collateral — irrevocable bank guarantee and/or a guarantee from AO Corporation SME/AO MSP Bank and/or VEB RF</td>
<td>Collateral — standard collaterals, as well as guarantees issued by the holding/parent company with an international/Russian investment/credit rating meeting the fund’s requirements</td>
</tr>
<tr>
<td>The initiator’s stake (own funds) in the project — not less than 20%</td>
<td>The initiator’s stake (own funds) in the project — not less than 20%</td>
</tr>
<tr>
<td>Deferred payment — up to three years</td>
<td>Deferred payment — up to three years</td>
</tr>
</tbody>
</table>

The review period for bids from initiators of projects — up to 35 business days
Technology parks

Technology parks are designed to encourage and manage knowledge sharing between universities, research institutions, businesses and markets. A technology park simplifies the creation and development of innovative companies through business incubator and spin-off processes.

<table>
<thead>
<tr>
<th>Description</th>
<th>Managing company</th>
</tr>
</thead>
<tbody>
<tr>
<td>AO Oil and Petrochemical Refining Institute of the Republic of Bashkortostan</td>
<td>AO Oil and Petrochemical Refining Institute of the Republic of Bashkortostan (AO INHP)</td>
</tr>
<tr>
<td>NPA Aviation Technology Park</td>
<td>Scientific and Production Association Aviation Technology Park</td>
</tr>
<tr>
<td></td>
<td>Members of the Association: PAO ODK UMPO, FGBOU VO UGATU, AO UfaAvia-Gaz, AO BETO, OOO AviaPromLeasing Company</td>
</tr>
<tr>
<td>Ecoline Technology Park</td>
<td>OOO Ecoline</td>
</tr>
<tr>
<td>Medtekhnika Technology Park</td>
<td>OOO Research and Development Enterprise Orbita</td>
</tr>
<tr>
<td>OOO Ufa Aviation Institute Self-Sustaining Creative Center</td>
<td>OOO Ufa Aviation Institute Self-Sustaining Creative Center</td>
</tr>
<tr>
<td>OOO Technopark</td>
<td>OOO Technopark</td>
</tr>
<tr>
<td>Inmash Technology Park</td>
<td>OOO KIT STAR</td>
</tr>
</tbody>
</table>
A cluster is a group of related business concentrated in a certain area.

<table>
<thead>
<tr>
<th>Clusters</th>
<th>Innovative infrastructure facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio-electronic cluster</td>
<td><strong>Center for creating production prototypes for radio and electronics equipment</strong></td>
</tr>
<tr>
<td></td>
<td>Laboratory for Internet technology and robotics</td>
</tr>
<tr>
<td></td>
<td>Laboratory for communication network testing</td>
</tr>
<tr>
<td></td>
<td>Laboratory for protection covering and electronic equipment testing</td>
</tr>
<tr>
<td></td>
<td>Laboratory for project development</td>
</tr>
<tr>
<td></td>
<td>Laboratory for electronic equipment design and modeling</td>
</tr>
<tr>
<td></td>
<td>Laboratory for creating production prototypes for microelectronics</td>
</tr>
<tr>
<td></td>
<td>Training workshops</td>
</tr>
<tr>
<td></td>
<td>Pilot and experimental production facility</td>
</tr>
<tr>
<td>Low-tonnage petroleum chemistry cluster</td>
<td><strong>Center for creating production prototypes for petrochemicals</strong></td>
</tr>
<tr>
<td></td>
<td>Spectrochemical analysis</td>
</tr>
<tr>
<td></td>
<td>Element analysis of non-organic and organic petrochemical products</td>
</tr>
<tr>
<td></td>
<td>Chromatographic research methods</td>
</tr>
<tr>
<td></td>
<td>Thermal research methods</td>
</tr>
<tr>
<td></td>
<td>X-ray research methods</td>
</tr>
<tr>
<td></td>
<td>Cloud designing</td>
</tr>
<tr>
<td>Biotechnology cluster</td>
<td><strong>Regional engineering center</strong></td>
</tr>
<tr>
<td></td>
<td>Fungi unit</td>
</tr>
<tr>
<td></td>
<td>Unit for product recovery and purification</td>
</tr>
<tr>
<td></td>
<td>Spore unit</td>
</tr>
<tr>
<td></td>
<td>Normal microflora unit</td>
</tr>
<tr>
<td></td>
<td>Pathogenic flora unit</td>
</tr>
<tr>
<td></td>
<td>Final product unit (mixing and packing)</td>
</tr>
<tr>
<td>Petrochemical cluster</td>
<td>Development of the full spectrum of refining and petrochemical technologies (from oil preparation and primary processing, to a range of secondary processes), logging equipment and services, design of petrochemical and refining equipment, engineering services, production of petrochemical products, support services.</td>
</tr>
</tbody>
</table>
State support for investors

Public-private partnership

Bashkortostan's Ministry of Economic Development is authorized to implement state investment policy through public-private partnerships (PPP).

The agencies responsible for reviewing PPP proposals in various economic segments include the respective industry regulators in Bashkortostan.

The Development Corporation of the Republic of Bashkortostan provides support for public-private partnerships and investment projects implemented under concession agreements with the participation of the Republic of Bashkortostan.

In 2019, Bashkortostan ranked 20th among all Russian regions in the PPP maturity rating. The ranking is based on the transitional method of rating calculation.

Bashkortostan is implementing 34 concession agreement projects (including 28 projects at the municipal level) with total investment of RUB 36.9 billion, including private capital investments of around RUB 2 billion. The average implementation period is 15 years.

The main focus areas for developing PPPs/concessions are:

- Transportation infrastructure, including public transportation
- Public utilities infrastructure (only under a concession agreements)
- Healthcare
- Education, culture, sport, tourism
- Social welfare
- Environmentally friendly infrastructure (solid waste treatment, recycling and waste disposal)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP ranking**</td>
<td>11</td>
<td>11</td>
<td>7</td>
<td>5</td>
<td>4</td>
<td>20*</td>
</tr>
</tbody>
</table>


** Based on the data from the Russian Economic Development Ministry.
Government support initiatives for investors implementing PPP projects

On 28 November 2003, Law No. 43-z “On Corporate Property Tax” was approved by the Republic of Bashkortostan, introducing a zero percent property tax rate for investors entering into a PPP or concession agreement with the regional government.

The republic is working in three main areas to support the development of PPPs:

- Regulatory support
- Development of the institutional environment
- Information and methodological support

Promising sectors for the use of PPPs in Bashkortostan

- Tourism
- IT (information technology, software, databases or IT facilities)
Investment Guide to the Republic of Bashkortostan

Law No. 386-z of the Republic of Bashkortostan “On the participation of the Republic of Bashkortostan in public-private partnerships projects”

The procedure for inter-agency interaction for the consideration of proposals from entities intending to conclude concession agreements
Resolution No.56 of the Government of the Republic of Bashkortostan of 21 February 2017

Regulation on the Interagency Commission responsible for the preparation and implementation of investment projects under PPPs
Resolution No.103 of the Government of the Republic of Bashkortostan of 23 March 2017

The procedure for inter-agency interaction for the preparation and implementation of PPP projects in the Republic of Bashkortostan
Resolution No.336 of the Government of the Republic of Bashkortostan of 16 August 2017

Authorized bodies for the development of concession agreements — Sectoral executive authorities of the Republic of Bashkortostan

Authorized body for PPP administration — Ministry of Economic Development of the Republic of Bashkortostan

Investment project support — AO Development Corporation of the Republic of Bashkortostan

The procedure for inter-agency interaction of EA of RB* during the compilation and approval of the list of objects that are objects of concession agreements
Resolution No.56 of the Government of the Republic of Bashkortostan of 21 February 2017

The procedure for inter-agency interaction of EA of RB* for the preparation and implementation of concession projects initiated by the EA of RB*
Resolution No.56 of the Government of the Republic of Bashkortostan of 21 February 2017

* EA of RB — Executive authorities of the Republic of Bashkortostan.
** CA — concession agreement.
**Government support initiatives for capital investments**

1. **Tax incentives**

**Corporate profit tax relief**

The CPT rate for priority investment projects and fixed investments in production facilities has been reduced from 17% to 13.5% (12.5% in 2017-2022). The relief period depends on the amount invested:

- RUB 100 million – RUB 1.5 billion for three years;
- RUB 1.5 billion – RUB 5 billion for five years;
- Over RUB 5 billion for 10 years;
- RUB 10 million – RUB 1.5 billion — three years* (for investors engaged in priority investment projects in municipalities of Bashkortostan that are listed on the integrated economic and socio-economic development programs for municipalities approved by the Bashkortostan government).

The CPT rates for entities that are TPSED residents in Bashkortostan are as follows:

- 5% for five tax periods starting from the period in which the profit was generated for the first time
- 10% for the next five tax periods

The CPT rate for entities participating in regional investment projects listed in the Regional Investment Project Participant Registry is 10%.

Capital investments to finance regional development projects cannot be less than:

- RUB 50 million for capital investments with a three-year horizon, starting from inclusion in the registry of organizations engaged in investment projects in eligible municipalities of Bashkortostan;
- RUB 100 million for capital investments with a three-year horizon, starting from the inclusion in the registry;
- 100 million for capital investments with a five-year horizon, starting from the inclusion in the registry.

**Corporate property tax relief**

Organizations engaged in priority investment projects are exempted from CPT on properties acquired in the first three years of the project (five years for investments exceeding RUB 5 billion), depending on the amount invested:

- RUB 100 million – RUB 1.5 billion for three tax periods;
- RUB 1.5 billion – RUB 5 billion for five tax periods;
- Over RUB 5 billion for 10 tax periods;
- RUB 10 million – RUB 1.5 billion — three years (for investors engaged in priority investment projects in municipalities of Bashkortostan that are listed on the integrated economic and socio-economic development programs for municipalities approved by the Bashkortostan government).

2. **Land and property support**

Information on facilities available for lease is published in the investment roadmap of the Republic of Bashkortostan.

Preferential lease rates for SMEs:

- 40% of the total annual lease amount (in the first year)
- 60% (in the second year)
- 80% (in the third year)
- 100% (in the fourth and subsequent years)

Preferential lease rates are granted to organizations to implement priority investment projects in Bashkortostan: the reduction factor is 0.6 for five years, or until all project construction stages are completed.

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* CPT rates reduced by the laws of Russian regions before 1 January 2018 are applicable until 1 January 2023. Reduced CPT rates can be increased in accordance with the laws of the Russian regions for the 2019-2022 tax periods.
Simplified (no tender) lease arrangements for land owned by the republic or municipalities and land plots with undefined state ownership apply in the following cases:

• Listed priority investment projects in Bashkortostan with 50% of financing sources confirmed and resulting in one of the following:
  – an increase in the number of jobs (depending on the category of the locality);
  – an increase in tax receipts to Bashkortostan’s budget;
  – construction of residential housing for people who lost their properties in disasters.

• Investment projects involving social, cultural or public utilities (provided the project owners assumes their obligations to fulfill the social commitments stipulated in the government programs of the Republic of Bashkortostan).

3. Partial refund of costs for construction, re-construction and the upgrade of capital engineering and transportation infrastructure

This applies to priority investment projects in Bashkortostan.

The maximum subsidy from the budget to refund the cost of construction, re-construction and the upgrade of capital engineering and transportation infrastructure for one investment project should not exceed:

• RUB 500 million, but not more than 90% of costs incurred for construction, re-construction and the upgrade of each capital engineering and transportation infrastructure facility for investment projects worth over RUB 1 billion;

• RUB 250 million, but not more than 90% of costs incurred for construction, re-construction and the upgrade of each capital engineering and transportation infrastructure facility for investment projects worth RUB 500 million – RUB 1 billion;

• RUB 30 million, but not more than 50% of costs incurred for construction, reconstruction and the upgrade of each capital engineering and transportation infrastructure facility for investment projects aimed at construction, reconstruction and upgrade of roadside facilities.

4. The government program for agricultural development and regulation of the agricultural, raw material and foodstuffs market

As part of the government program for agricultural development and the regulation of the agricultural, raw material and foodstuffs market, subsidies are granted to:

• Support some segments of crops and animal farming, as well as agricultural insurance

• Incentivize priority segments of the agroindustry and small agricultural businesses

• Acquire chemicals

• Reimburse a proportion of interest payments on investment loans issued after 1 January 2017

• Acquire agricultural machinery and equipment and/or upgrade of currently used agricultural machines and equipment

• Develop commercial aquaculture (commercial fishery)

• Compensate for damages resulting from natural disasters

• Support soil fertility improvements

• Develop agricultural consumer cooperatives

• Partially reimburse the costs of creating and/or upgrading of breeding centers for animal farming

• Fund preferential loans
• Reimburse the costs of improving the soil fertility of agricultural lands
• Reimburse the costs of acquiring milk production and processing equipment
• Develop horse-breeding in Bashkortostan
• Reimburse the costs of producing and selling kumis
• Support the development of human capital for the agricultural sector

5. **Subsidies granted as part of the government program to develop and support SMEs in Bashkortostan**

Bashkortostan’s government has enacted Resolution No. 548 of 14 November 2018 “On State Program for Development of and Support for SME in the Republic of Bashkortostan”), which lays out a series of measures aimed at supporting small and medium enterprises, including by means of subsidies.

• **Subsidies granted to municipalities and monocities (on a tender basis)**

**Co-financing of municipal programs**

• Subsidies at the initial stages of business development
• Subsidies covering part of lease payments
• Subsidies to SME providing support services to government and municipal authorities
• Subsidies covering part of budgeted expenses for the creation and/or development of co-working centers
• Subsidies covering part of interest payments on loan agreement(s) concluded to achieve stated goals with Russian lending institution(s)

**Co-financing for monocity programs**

• Support for social entrepreneurship
• Subsidies covering part of budgeted expenses for the creation and/or development of co-working centers
• Creation and implementation of a business navigator for SMEs
• Subsidies covering part of interest payments on loan agreement(s) concluded to achieve stated goals with Russian lending institution(s)
6. Subsidies for industry development projects

- Partial reimbursement of the costs of purchasing new woodworking, timber harvesting, forestry, forest fireguard and hauling machines
- Financial support to cover expenses for the modernization and/or reconstruction of infrastructure facilities in industrial parks

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7. Subsidies provided under the State Program for the Economic and Investment Development of Bashkortostan

- Partial reimbursement of the costs of construction, reconstruction and the upgrade of capital engineering and transportation infrastructure

- Partial reimbursement of the costs of construction, reconstruction and the upgrade of capital engineering and transportation infrastructure facilities that are integral parts of investment projects (for investors implementing priority investment projects in Bashkortostan)

- Partial reimbursement of interest payments on loan agreements aimed at the implementation of priority investment projects in Bashkortostan

- Partial reimbursement of exchange rate costs arising from the acquisition of imported equipment in foreign currency

8. Subsidies to finance waste treatment

- Partial reimbursement of the costs of acquiring vehicles for transporting residential solid waste

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**Funds**

**1. AO Regional Fund**

**The fund was set up to achieve the following goals:**
- Improve the socio-economic condition of the republic;
- Support the implementation of government policy to attract investments to Bashkortostan;
- Generate profit;
- Support the implementation of government policy for the economic development of Bashkortostan and assist with the resolution of problems.

**The fund’s main objectives are to:**
- Manage Bashkortostan’s state investment resources;
- Invest in companies that create new jobs in the republic and make products using new technologies or provide innovative services;
- Finance investment projects by issuing loans, leasing out equipment and making portfolio and direct investments.

**The fund provides financial support via:**
- Loans (up to RUB 2 billion);
- Equity participation in the project company (from one third to 49% of the charter capital of a limited liability company and 25-49% of the charter capital of a joint-stock company);
- Provision of loan collateral.

The investment limit was RUB 2 billion in 2019. The amount of financing per project is up to RUB 2 billion but should not exceed the annual investment limit for the project.

**2. Industry Development Fund**

The Industry Development Fund was established with the aim of modernizing industrial production in Russia, encouraging new industrial facilities and promoting import substitution.

The fund offers preferential project co-financing terms to develop new high-tech products, support technical upgrades and create new competitive enterprises based on the best available technologies.

The fund provides targeted loans of RUB 5 to 750 million at rates of 1%, 3% and 5% per annum for up to seven years for new industrial projects directly investing into the real sector of the economy.

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3. Autonomous Nonprofit Organization Bashkortostan Industry Development Fund

The fund was set up in 2017 to provide preferential financial support to enterprises implementing industrial projects.

The fund provides loans ranging from RUB 5-100 million at a low interest rate of between 1-5% p.a. (depending on the maturity, availability of a bank guarantee and the country of origin of acquired equipment).

4. AO MSP Bank

Established in 1999, the bank provides loans from RUB 1 million to RUB 2 billion to SME companies at rates starting from 8% p.a.

MSP Bank is accredited to provide low-interest loans to agricultural enterprises as part of the respective programs of the Russian Agriculture and Economic Development ministries. Lending can be provided on preferential terms depending on the financing products available and subject to compliance with the requirements of the above-mentioned programs.

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5. AO Bashkortostan Regional Leasing Company

AO Bashkortostan Regional Leasing Company was set up in October 2017 by SME Corporation and the Republic of Bashkortostan.

AO Bashkortostan Regional Leasing Company finances leases of new or non-commissioned industrial equipment for processing and storing agricultural produce, as well as other high-tech manufacturing products.

Interest rates:
- 6% p.a. for leases of Russian equipment
- 8% p.a. for leases of imported equipment

The cost of the lease item should be RUB 500,000 - RUB 200 million for a period of up to five years. Advance payments to be made by SMEs should be no less than 15% of the cost of the leased item.

6. AO Rosagroleasing

Rosagroleasing is a state-owned leasing company set up in 2001 to facilitate the technical and technological modernization of the Russian agroindustrial sector in accordance with objectives set by the Russian government.

Rosagroleasing aims to achieve the targets set in the state program for agriculture development and the regulation of the agricultural, raw material and foodstuffs market for 2013-2020, as well as the Russian Federation Food Security Doctrine.

Rosagroleasing leases agricultural machinery, trailers, attachments, units and equipment for animal farming, processing and high-yield cattle breeds.

A financial lease is provided for eight years with an interest rates starting from 3%. The first installment can be 0% in some cases.

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www.rlcrb.ru
7. Autonomous Nonprofit Organization SME Development Agency of the Republic of Bashkortostan

In order to ensure equal access of SMEs of the Republic of Bashkortostan to credit and other financial resources, as well as to develop the infrastructure for financing SMEs on a repayable basis, the region maintains a guarantee fund. The guarantee fund supports businesses operating in Ufa and Bashkortostan by facilitating issuance of state guarantees for loans to SMEs.

Advantages of obtaining financing guaranteed by the guarantee fund

- The ability to obtain financing even if a company lacks its own adequate collateral
- Simple guarantee issuance process
- No need to prepare additional documents, as the bank submits documents to the Agency on behalf of the borrower (SME); the borrower only needs to sign the application (jointly with the partner bank) for the Agency’s guarantee, as well as the guarantee agreement in the event of approval
- Quick decisions on guarantees (the decision is made within three business days after the receipt of the application)

Requirements for borrowers

The Agency issues guarantees to SMEs:

- Registered or operating in Bashkortostan;
- Included in the General SME Register;
- Without past overdue debt on taxes, duties, penalties and fines as of the application submission date;
- With no bankruptcy procedures applied against them, including monitoring, financial rehabilitation, receivership, liquidation;
- Providing collateral of at least 30% of the liabilities.

Guarantee amount and timeline

- RUB 25 million — the maximum lump sum guarantee
- The Agency's maximum liability to financial organizations cannot exceed 70% of the principal debt amount
- RUB 75 million — the Agency's total guarantee limit for one borrower
- The Agency's fee: 0.75–1.5% p.a. of the guarantee amount

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8. Russian Direct Investment Fund

The Russian Direct Investment Fund (RDIF) is an investment fund created to attract foreign investment to leading companies in the fastest growing sectors of the Russian economy.

Goals

- Make profitable investments
- Attract direct foreign investment to the Russian economy

Core objectives

- Ensure inflows of foreign investment
- Maximize return on invested capital
- Facilitate the modernization of the Russian economy
- Attract the world’s best technologies and professionals to Russia
- Ensure transparent fund management

RDIF acts as a co-investor and partner for international direct investment funds, sovereign funds and the largest strategic investors making direct investments in Russian companies. RDIF shares risks with its co-investors while striving to achieve strong financial results.

The co-investment mechanism

- RDIF can only invest if there is a co-investor/a group of co-investors whose share in the investment is equal to or greater than that of RDIF.
- The co-investor must manage assets worth more than USD 1 billion, have market capitalization of more than USD 1 billion or turnover of more than USD 1 billion and EBITDA of more than USD 150 million.
- A transaction may be initiated both by RDIF or the co-investor.
- When implementing any project, RDIF and the co-investor must conclude a joint investment agreement to determine the project management principles.

The investment process

- RDIF’s investment process conforms to international direct investment standards.
- The target deal amount is between USD 50 million to USD 500 million equity investment (RDIF share).
- Up to 50% equity interest in the company.
- Expected exit from investment: five to seven years.
- Infrastructure projects implemented from scratch (greenfield) may have a longer exit period.

The Bashkortostan government, Russian Direct Investment Fund and Agency for Strategic Initiatives (ASI) signed a cooperation agreement on 16 May 2012.

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www.rdif.ru
9. Fund for Assistance to Small Innovative Enterprises (FASIE)

The Fund for Assistance to Small Innovative Enterprises is a state-owned non-profit organization established as a federally funded institution.

Core objectives:
- Implementing government policy to develop and support R&D activities
- Creating and developing a support infrastructure
- Assisting in the creation of new jobs to ensure the effective use of Russia’s scientific and technical potential
- Providing financial, informational and other assistance
- Engaging young people in innovation
- Attracting non-budgetary investments to small innovative enterprises

FASIE provides grants of up to RUB 25 million for scientific research, R&D and the commercialization of R&D output. Some programs require non-budgetary co-financing involving independent or investor funds totaling 30-100% of the grant amount.

10. AO VEB Infrastructura

The objective of VEB Infrastructura (InfraVEB) is to prepare development projects for implementation without using budgetary investment.

InfraVEB focuses on projects targeting social, transportation, public utilities and energy infrastructure, as well as government administration infrastructure and the development of land for public infrastructure and socio-economic development.

InfraVEB:
- Offers investment consulting services to government authorities on the preparation of projects;
- Provides debt financing for investment projects;
- Solicits investors to finance projects at the preparation stage.

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www.fasie.ru
11. Monocity Development Fund

Goals

• To create new jobs in socially- and economically-challenged monocities (other than jobs at the backbone enterprise)
• To attract investment to monocities through infrastructural and investment projects

Core objectives

• Assembling and training monocity development project teams
• Helping prepare and participating in new investment projects in monocities
• Serving as the PMO for investment projects in monocities

The fund offers the following support

• Subsidizing expenses incurred when launching facilities for individual entrepreneurs and legal entities as part of investment projects in monocities (up to 95% of the total amount per facility)
• Providing low-interest loans for investment projects in monocities: RUB 5 million – 1 billion at 0% p.a. (for loans up to RUB 250 million) or at 5% p.a. (for loans over RUB 250 million), with up to a 15-year stay of payments for loans maturing within three years. Initiators are required to contribute at least 20% of project financing

Requirements for the project and the initiator (borrower)

• No overdue debt to the budget and other funds
• No dependence on monocities (financial, administrative, infrastructural, etc.)
• Ability to demonstrate the social and economic impact for monocities (investment and job creation)

Limitations

• The fund's participation in the project should not exceed 80% of the project’s total value.
• The fund's financial resources can only be used to perform capital investment.
• The fund must enter into a general agreement with the subject of the Russian region.

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12. AO Federal Corporation for SME Development

The SME Corporation’s objectives
• To extend support for SMEs and organizations engaged in developing the SME support infrastructure
• To attract financial resources from Russian and international organizations to extend support to SMEs
• To provide information, marketing, financial and legal support for investment projects implemented by SMEs
• To provide financial support for SMEs by engaging available lending resources of at least RUB 3 million at 9.6% (for priority economy sectors) or at 10.6% (in other industries)

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13. ANO Microcredit Small Business Company of the Republic of Bashkortostan

Established to provide small businesses in Bashkortostan with access to financial resources via micro-financing and other forms of support in accordance with state programs/sub-programs in the Russian Federation.

Micro-financing loans total RUB 3 million at 7.5-10% p.a. The loan maturity is three years.

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14. The Russian Foundation for Technological Development (RFTD)

Provides financial support to scientific and technology projects and experimental projects that are aligned with the foundation's priority technology platforms.

The projects are selected on a tender basis. Enterprises that initiate or conduct technology projects that involve significant R&D efforts are eligible to participate in the tenders.

The winner of the tender is awarded a special-purpose, interest-free loan.
The loan is provided to finance R&D for technology development projects

The loan ranges from RUB 10 million to RUB 300 million and should not exceed the borrower’s net assets.

The loan’s maturity can be up to 60 months, with a repayment period of 37–60 months

Applicant organizations should have sufficient resources to pay for the foundation’s services (0.75% of the loan amount) on a quarterly basis

The RFTD closely cooperates with GK Vnesheconombank, OAO SME-Bank and other development institutions to provide sustainable financing to SME projects and implement major integration projects centered on innovative products.

15. AO Russian Export Center

The state-run institution to support exports of non-commodities. The center offers a wide range of financial and non-financial support to Russian exporters. Interaction with the relevant ministries and agencies, as well as key industry and business players positions the center to improve export environment in Russia and eliminate existing barriers to exports. The Russian Export Center is part of Vnesheconombank Group.

Lending and guarantee issuance support

- Financing of export contract expenditures (up to 85% of the export contract or agency agreement amount for a period of up to five years)
- Financing of current export contract expenditures (up to 85% of the export contract(s) or agency agreement amount for a period of up to two years)
- Financing export trade credits (up to 85% of the shipping document amount for a period of up to five years)
- Financing via a letter of credit (up to 100% of the letter of credit amount for a period of up to five years)
- Financing loans to foreign buyers (up to 100% of the export contract(s) or agency agreement for a period of up to ten years)
- Providing trade financing (up to 85% of the export contract(s) for a period of up to two years)
- Providing loans to banks of foreign-based buyers (up to 100% of the export contract excluding prepayment and/or 100% of the insurance premium under the insurance agreement with AO EXIAR for a period of up to one year)
- Providing guarantees for prepayment refund, guarantees for tax authorities, tender guarantees, performance guarantees and payment guarantees

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Special export support programs

• Partial reimbursement of expenditures for the transportation of agricultural and food products (up to 50% of actual costs incurred by exporters)
• Placement of products at tasting events and exhibitions abroad;
• Reimbursement for export loans from trade financing banks (in accordance with Federal Law No. 459-FZ of 29 November 2018 “On the Federal Budget for 2019 and the 2020-2021 planning period”)
• Assistance to help companies participate in tasting and exhibition events
• Partial reimbursement of expenditures attributable to the transportation of products (up to 80%)
• Financing of expenditures incurred to promote high-tech products on external markets

Support available

• Insurance support for Russian goods and services (up to 90% of the potential loss), as well as Russian investments abroad
• Financing export operations

16. Russian Venture investments with state participation

Russian Direct Investment Fund (RDIF)

Key project selection criteria:

• Availability of a clear investment utilization plan, financial model, pre-project market and competition research
• The economic feasibility of the project and an acceptable level of risk
• Investment of own financial resources in the project
• Adequate guarantees of return on investments made by the RFID (collateral or a guarantee)
• Investment in the project by the RFID and partners: up to RUB 1 billion

For more information, visit www.rdif.ru

Project financing support for investment project implemented on the basis of the project financing

Low-interest loans at the rates below the Russian Central Bank’s key rate for a given state support program plus 2.5% p.a.

Project Financing Factory

• Syndicated project financing (with VEB acting as the credit manager)
• Hedging interest risks for borrowers and lenders via subsidies from the Russian government
• Special-purpose state guarantee of the Russian Federation
• Special procedures for calculating capital adequacy and creating provisions for loans and borrowings from Russian credit institutions

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AO Russian Venture Company
The company provides incentives to develop the Russian venture investment industry and significantly increase the financial resources of venture funds.

It provides support in the form of investment from one or several funds, with the RVC’s participation.

For more information, visit www.rvc.ru

ROSNANO
Implements the government policy aimed at developing the nanotechnology industry and acts as a co-investor in nanotechnology projects with significant economic and social potential. ROSNANO invests in various nanotechnology projects including alternative energy, biomedicine, new materials and metal processing. Projects aimed at creating new production facilities or expanding and modernizing existing facilities are a priority.

Support available:
• Contributions to the charter capital of the project company
• Loans or guarantees required to finance the project company’s obligations to third parties

The Foundation for Infrastructure and Education Programs
Financing for nanotechnology development centers, engineering technology companies and small innovation companies.

For more information, visit www.rusnano.com

Skolkovo Foundation
Grants ranging from RUB 30 million to RUB 300 million, as well as mini-grants of up to RUB 5 million and micro-grants of up to RUB 1.5 million.

For more information, visit www.sk.ru
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