

# *Application of Special economic zones tool for development of motor industry*

*Andrey ALPATOV  
Head of Federal Agency for  
management of special  
economic zones*



# **Special economic zone**

**Establishment and functioning of special economic zones on the territory of the Russian Federation are subjects to the Federal Law of July 22, 2005 № 116-ФЗ «On special economic zones in the Russian Federation»**

**Special economic zone is the part of the territory of the Russian Federation, defined by the Government of the Russian Federation, on which special regulations of business activities are in force**

**SEZ functioning period – 20 (49) years**

**SEZ establishment is carried out on competitive basis**



# Special Economic Zones Geography



Technology-innovative zones (4)

- tourist-recreational zones (7)

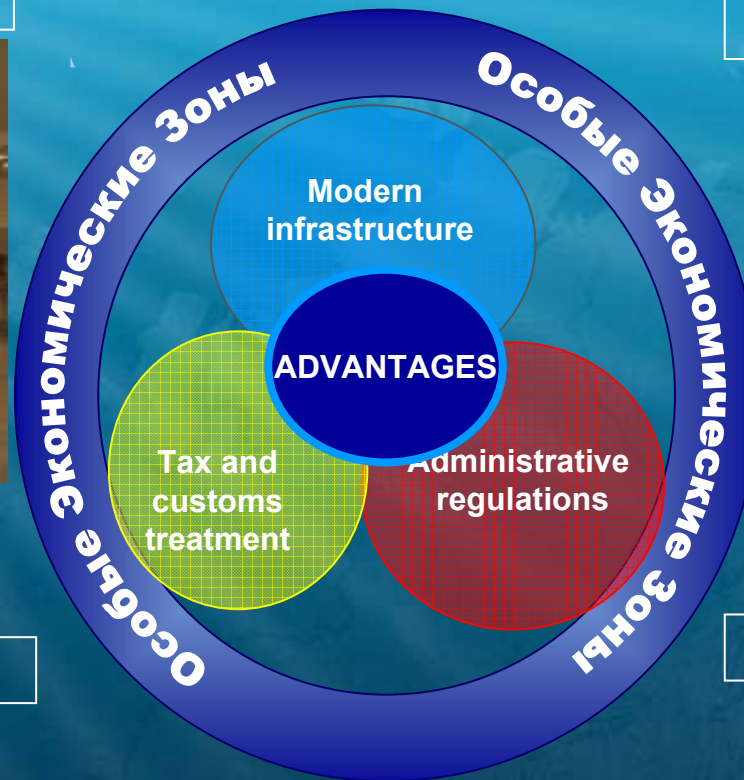
- Port zones (3)

# SEZ competitive advantage

Administration friendly environment



Creation of engineering, transport, innovative and social infrastructure at the budget expense



Tax incentives



Custom incentives





# SEZ infrastructure establishment

Infrastructure facilities  
constructed at the  
Governmental expenses:

Highways and parking  
places

Rail roads

Energy infrastructure

Heat supply

Gas supply

Water supply

Administrative-  
Business Center

Container site

Communication lines

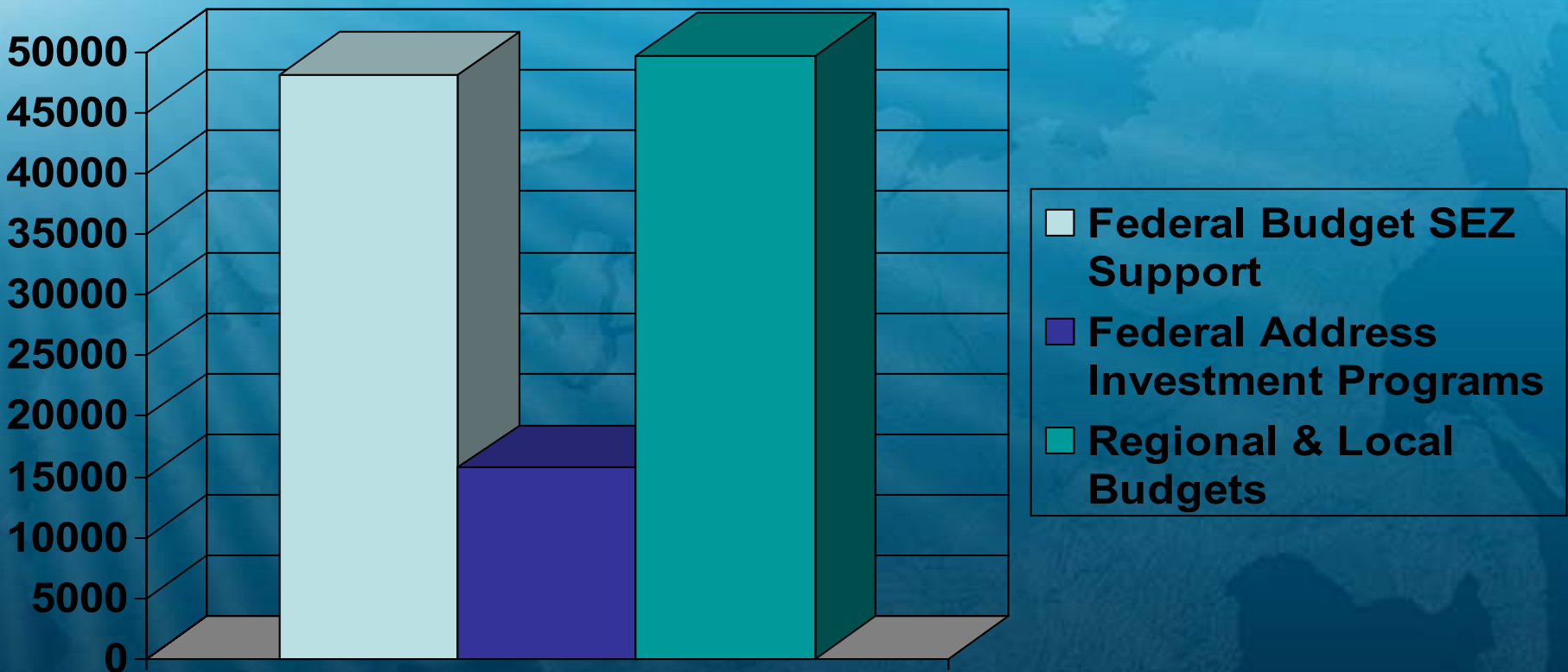


Construction of customs  
infrastructure facilities  
is carried out





# Public Commitment in SEZ, mln. Rubles (2006 – 2010)



**Total Public Investment Volume – 3,2 Billion Euros**



# **Tax treatment in SE**

**Profit tax – 20% (instead of 24%)**

**Company property tax during first 5 (10) years – 0%**

**Land tax during first 5 (10) years – 0%**

**Transport tax during first 5 (10) years – 0%**

**Unified social tax in TIZ – 14% (instead of 26%)**

**Speeded up amortization of capital assets**

**Guaranties against unfavourable change of tax legislatio**





# Tax incentives in SEZ

**Profit  
tax (%)**

**Property  
tax (%)**

**Land  
tax (%)**

**Unified social tax  
In Technical -  
Innovative SEZ (%)**

**Outside SEZ**

24

2,2

1,5

26

**Inside SEZ**

20

0

0

14





# Customs treatment of special customs zone

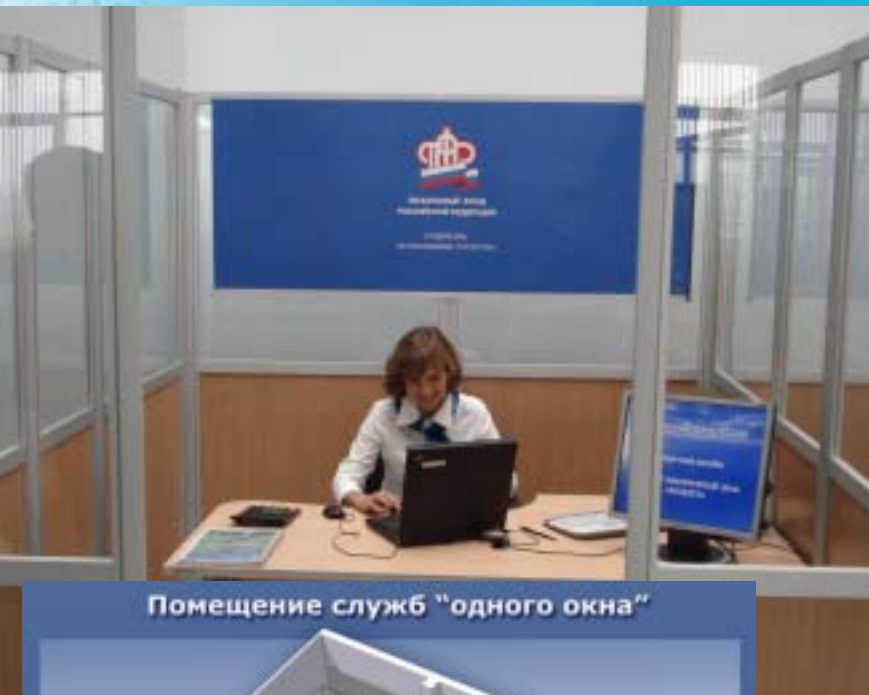
**No customs duties on all goods, supplies or machinery shipped to SEZ**

**Full VAT refund on all Russian goods, supplies or machinery shipped to SEZ**

**Customs duties and VAT applicable when goods produced inside SEZ are delivered outside SEZ and inside Russia**

**Import customs duties and taxes are not raised at export of goods outside Russian Federation, export customs duties are subject to payment**

# Single Window Service for SEZ Residents



Помещение служб "одного окна"



- Ministry of Environment and Natural Resources
- Ministry of Labor, Employment and Social Security
- Environmental Technological and Nuclear Control Service
- Federal Immovable Property Cadastre Agency
- Social Security Fund
- Medical Security Fund
- State Architectural and Construction Control
- Land Cadastre Chamber
- Rights Registration Service
- Chamber of Commerce and Industry
- Tax and Revenue Service
- Customs Service
- Migration Service
- Pension Service
- Russian Test
- State Vehicle Inspection
- Bureau of Technical Inventor

# Stages of SEZ establishment

1 year

2 - 3 years



stration of land-  
property relations



Development of  
conception and  
architecturally-planning  
solutions



Designing and  
construction of  
infrastructure facilities,  
ABC



Designing and  
construction of  
residents' facilitie

Production of goods and services provision



# Special economic zone

## Republic of Tatarstan

### словные обозначения:

- Железные дороги
- Автомобильные дороги
- Расстояние до населенного пункта
- Речной порт
- Аэропорт





# Industrial-production SEZ

*Republic of Tatarstan*  
*IP SEZ «ALABUGA»*

## **Residents:**

LLC «Sollers-Elabuga»  
CJSC «Polimatiz»  
LLC «Rockwool-Volga»  
LLC «Severstalavto-Isuzu»  
CJSC «Engineering  
equipment plant»  
LLC «Tatneft-Alabuga  
Fiberglass»  
LLC «Septal»

## **Types of activity:**

Cars production;  
Production of bonded fabrics  
and other polymers;  
Production of mineral cotton  
wool;  
Production of heat pumps and  
climate control systems;  
Fiberglass production





# **IP SEZ «Alabuga» (Republic of Tatarstan)**







# IP SEZ «Alabuga» (REPUBLIC OF TATARSTAN)



# Launch of conveyer for Isuzu trucks production in SEZ «Alabuga»







# Assembling of FIAT «Ducato» cars in SEZ «Alabuga»





# Special economic zone

## Lipetsk region





# Industrial-production S

## *Lipetsk region* *IP SEZ «Lipetsk»*

### **dents:**

«CSZ-Lipetsk»  
«SEST-LUVE»  
«BELON-METAKON»  
«BIOETANOL»  
«LKTM»  
«Lipetsk heat-insulating  
materials plant»  
«Bekart-Lipetsk»  
«LZSK Window systems»  
«Mondial Group East»  
«Production complex Ratsional»

### **Types of activity:**

Production of household  
appliances, refrigerating  
equipment, electric tools, building  
materials; glass and plastic  
products, furniture, medical and  
chemical products, heat-insulating  
materials, heat power equipment



# IP SEZ «Lipetsk» (Lipetsk region)





# IP SEZ «Lipetsk» (Lipetsk region)





# CONCLUSIONS

1. Creation of large productions in the field of motor industry on IP SEZ territories will allow the Russian and foreign investors to decrease considerably the expenses and construction terms that will raise the recoupment of their projects.
2. Stimulation of car components productions creation on IP SEZ territories will result in optimisation of logistical flows, decrease in expenses for delivery, maintenance of warehouses and risks of idle time of conveyors.
3. Formation of large car industry clusters on IP SEZ territories will allow to use to the utmost effectively the possibilities of state-private partnership given by the state in automobile branch, stimulates formation of modern motor industry inside the country, will create multiply effect of development of related industries and will become the serious factor of economic growth



# Thank you for your attention!

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