

# **«MOGILEV REGION – REAL INVESTMENT OPPORTUNITIES**

# I. REGION REVIEW – MOGILEV REGION

## Geographic position

Mogilev region – the easternmost region of Belarus, bordering on Russia. Our eastern neighbors – Smolensk and Bryansk regions of Russia. In the north it borders on Vitebsk region, in the west – on Minsk, in the south – with Gomel regions.



**Territory** – region area 29,1 thousand sq m.

The region has deposits of various minerals including phosphorites which are unique for our country. The largest supplies of concrete raw materials (chalk, marl, clay and concrete loam), large supplies of building and silicate sands, sand gravel mixtures, turf, sapropel, mineral waters) are in the region. Large supplies of mineral raw material – tripoli which is characterized by high technological properties, are concentrated in the eastern part.

Forests cover over 30% of the area, basically these are coniferous forests. The largest woodland is in the south-west of the region, in some areas over 50%.

# I. REGION REVIEW – MOGILEV REGION

## Transport corridor

Mogilev region is very important due to its geographical position and industrial potential. Situated on the junction of Russia and European Union the region is the interlink between West and East. Important transport communications pass through the region.

### Railway network



### Vehicle network

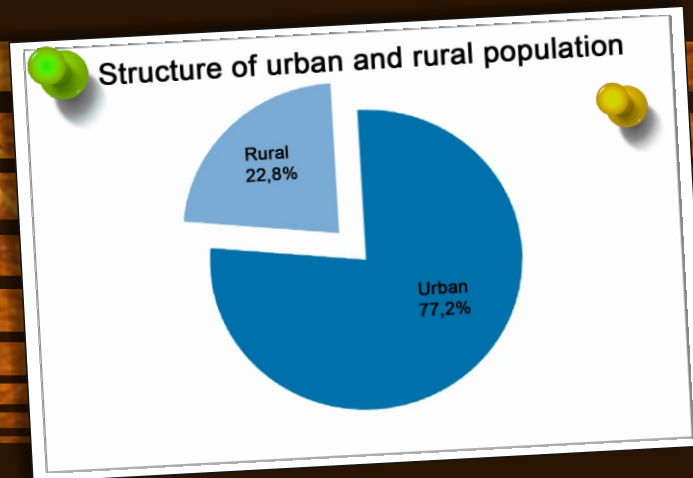


## Population

The region possesses significant qualified labor potential.

At the beginning of 2012 population of Mogilev region was 1.080,1 thousand people, including cities and towns - 834,3 thousand (77,2% from total population), rural settlements – 245,8 thousand people (22,8%).

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Density of population is 37 persons per sq km.

53,7% of the population live in Mogilev and Bobruisk (579,9 thousand people).

Comparing urban and rural population of the region, only 22,8% live in rural areas.

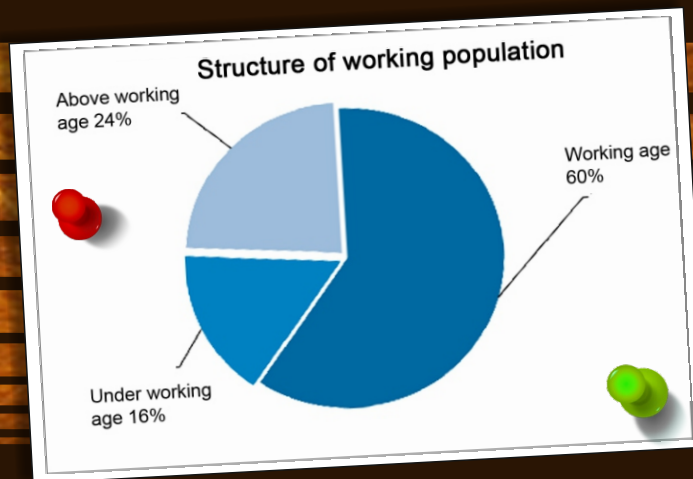
Among large cities the following may be highlighted: Osipovich, Gorki, Krichev – where about 89,2 thousand people reside.

City	population, thous.people
Mogilev	363,4
Bobruisk	216,5
Gorki	30,9
Osipovich	31,7
Krichev	26,6
Bikhov	16,9

At the beginning of 2012 working population made 652,3 thous. people, or 60,4% from total population. In total structure of population at working age urban prevails – 521,5 thous. People or 80,0%. Population younger working age made 174,4 thous. people (16,1%), older – 253,4 thous. people (23,5%).

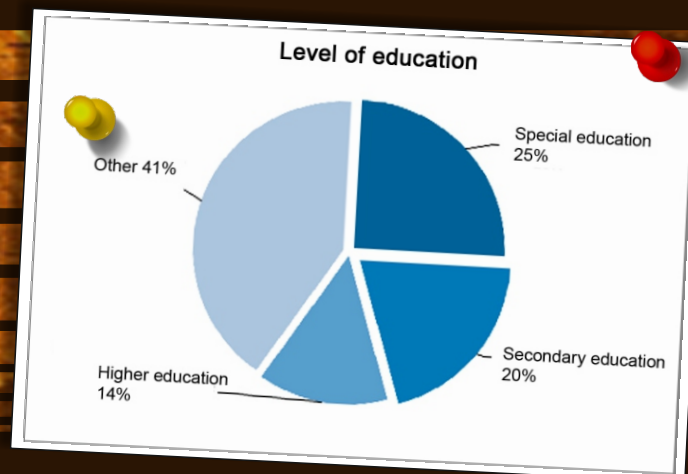


# I. REGION REVIEW – MOGILEV REGION



In the region both in cities and villages female population prevails. Unit weight of women in total population makes 53,1% (or 573,9 thous. people).

The level of educated population is quite high. According to census figures per 01.01.2012 population with special education prevails – 25% and secondary - 20%, population with higher education makes 14%.



### Resources of region

*Basic minerals are chalk and marl, turf, silicites, phosphorites, sands and sand gravel mixtures, clays.*

The region has one of the largest in Europe raw materials supplies for concrete production – operational supplies of chalk make 323,1 million tons of marl – 509 million tons. Besides, there are significant supplies of minerals for building: silicate sand and one for building – 128,5 million cubic metres, sand and gravel materials – 38,8 million cubic metres. 27 deposits of brick clay with supplies of 7,4 million cubic metres are found in the region.

Only two deposits of phosphorites are in Belarus and both of them are in Mogilev region: preliminary discovery of Lobkovichy (supplies – 245 million tons) and Mstislavl (175 million tons) accordingly in Krichev and Mstislavl areas. Deposits are suitable for phosphoric flour. Deposits are not developed because of water flooding and big depth of deposit (in average up to 34 m).. in the subsoil of Gluski area supplies of oil were discovered (3 oil deposits with supply of 1,4 million tons).

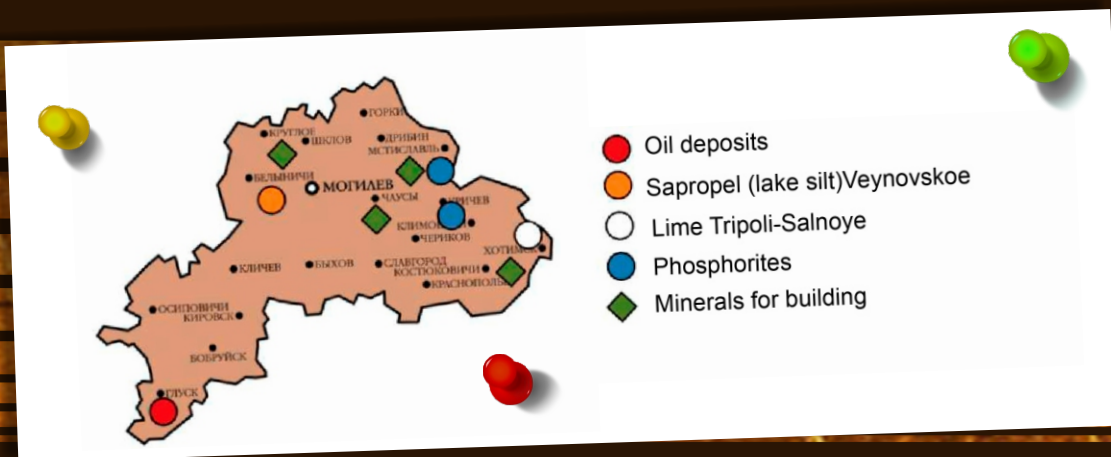
Turf supplies make about 8,6 million tons. JSC «Torfopredpriyatie Dneprovskoye», RUE «Mogilevoblgaz», RUE «Mogilevenergo» and UCE «Gluski Zhilkomhoz» are developing 5 deposits of turf. On the grounds of Beltopgaz (JSC «Torfopredpriyatie Dneprovskoye», RUE «Mogilevoblgaz», RUE «Mogilevenergo») the remaining operation supplies make 4,4 million tons.

Valuable organic fertilizer is sapropel or lake silt the supplies of which make 6,9 thousand tons. The largest deposit is Veinovskoe in Belinichi area.

Hotimsk area has supplies of lime tripoli (deposit «Stalnoye» with operational supplies 30 million tons), which can be used as cement additive, additive for mineral organic fertilizers and soil substratum. These supplies will allow to provide cement plants of the country with additives for more than 60 years.

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Supplies	
Oil	1,357 mln t
Turf	8,6 mln t
Sapropel (lake silt)	6,9 thous t
Lime tripoli	30 mln t
Phosphorite	420 mln t
Chalk	323,1 mln cubic m
Marl	509 mln cubic m
Building sand	128,5 mln cubic m
Sand and gravel mixtures	38,8 mln cubic m
Brick clay	5,1 mln cubic m
Water resources	
Underground water resources	6 833 thous cubic m/ day
Rivers and streams	456
Pools	648
including	
Lakes	73



The region has significant resources of underground pure and mineral waters.

There are 456 rivers and lakes in the area, the largest are the Dnieper, Berezina, Sozh.

There are 648 pools, including 73 natural lakes. Among artificial pools the largest are Chigirinskoye, Teterinskoye, Rudeya. Estimated resources of underground waters make 6833 thousand m<sup>3</sup>/day.

# **I. REGION REVIEW – MOGILEV REGION**

## **Region economy**

*Mogilev region – the region with advanced industry.*

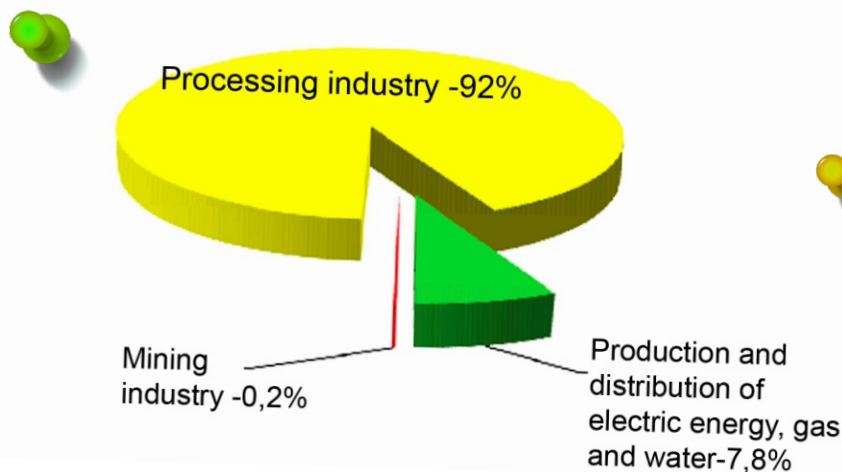
Industrial complex of the region (about 9% of republican industrial volume) is represented by over 200 large and medium companies as well as 1000 small enterprises and manufactures which employ about 130 thousand people.

Industrial complex of the region includes 24 organizations with the number of employees over 1000, 30 companies – from 500 to 1000 employees, 77 companies – from 100 to 500 employees and 85 organizations with fewer than 100 people.

The region produces over 95% of machines for applying organic fertilizers, 60% of electric motors of alternate current, about 60% of cement, over 50% of machines for applying mineral fertilizers, over 40% - silk fabrics, cotton fabrics, slate, synthetic resin, plastic masses, about 40% of chemical fibres and yarn, over 30% of paper. The region covers total republican production volume of elevators, tyres, tower cranes.

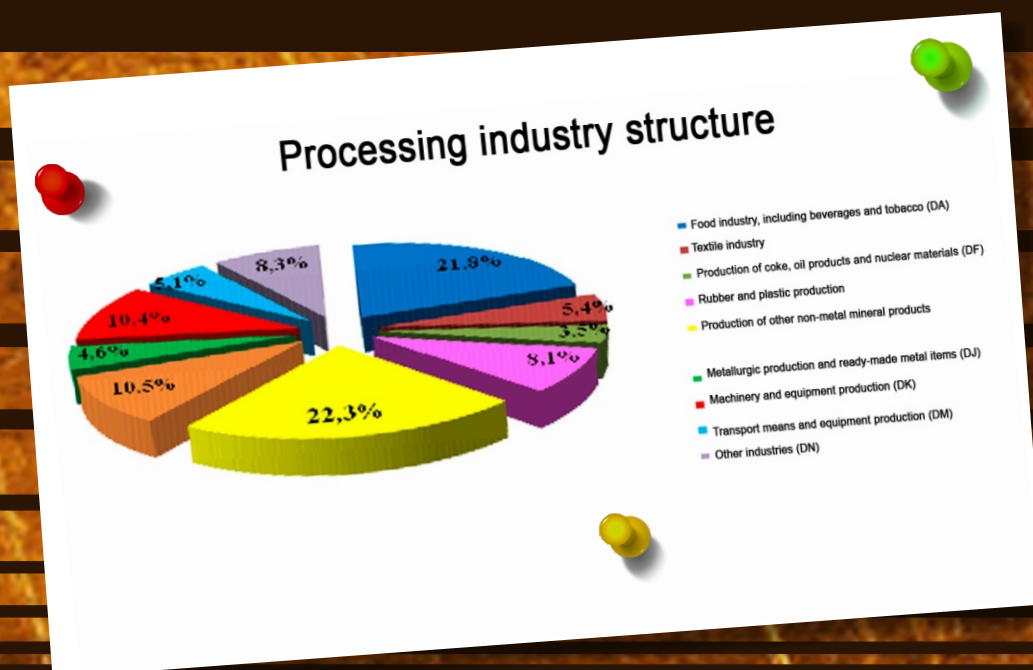
Industrial structure of the region according to the type of economic activity is represented by three sections: section C – “Mining” (0,2% of regional manufacture volume), section D – “Processing” (92,0%), section E – “Manufacture and electric energy, gas, water distribution” (7,8%).

**Structure of industrial manufacture in the region in 2011**





## I. REGION REVIEW – MOGILEV REGION



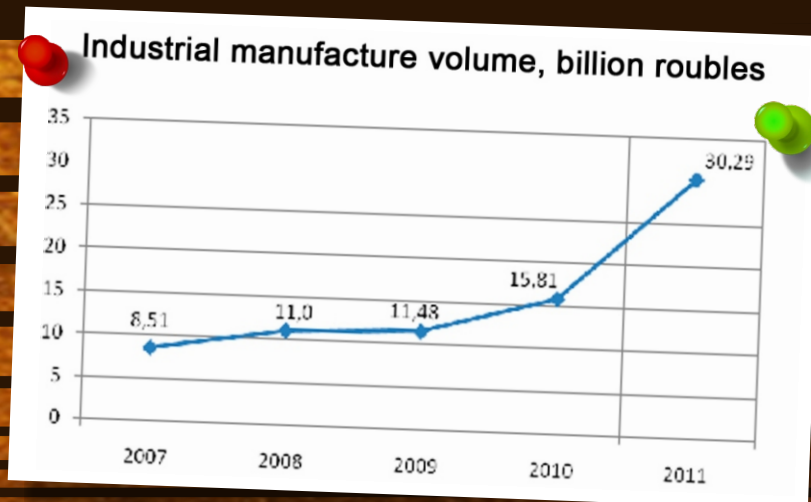
Structure of the section B «Processing industry» is made as follows: production of rubber and plastic items (DH)-22,3%, food industry including beverages and tobacco (DA) – 21,8%, other non-metal mineral products (DI) – 10,5%, machinery and equipment production (DK) – 10,4%, chemical industry (DG) – 8,1%, textile industry (DB) – 5,4%, transport means and equipment (DM) – 5,1%, metallurgic production and that of ready-made metal items (DJ) – 4,6%, production of coke, oil products and nuclear materials (DF) – 3,5%, other industries – 8,3%.

## Industrial manufacture

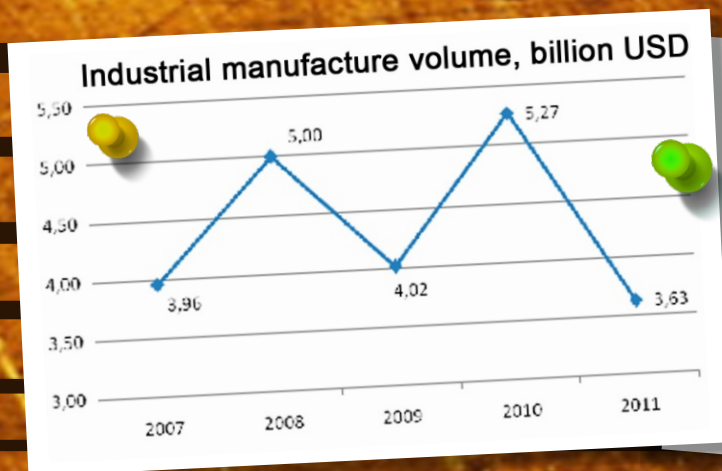
Increase of industrial manufacture within last 5 years (2007-2011 годы) made 41,3%. In 2011 industrial manufacture volume increased in comparison with 2007 by over 3,5 times.

# I. REGION REVIEW – MOGILEV REGION

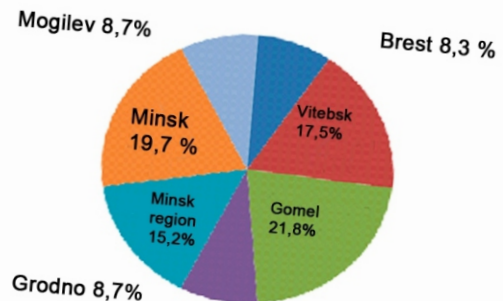
Name of product	2011 .
Machinery and equipment for construction and maintaining highways, pcs	203
Freight containers, pcs	167
Metal cutting machines, pcs	389
Car and agricultural machines' tyres	5163269
Casein dry technical, ton	705
Protein and vitamin additives, ton	7686
Small size tractors type MT3-220, pcs	2234
newsprint, ton	36564
Foam plastic polystyrene, cubic m	22106
Main freight cars, pcs	1545
Pre-forms of bottles, thousands pcs	135302
Half-finished products tanned, tanning, thousand sq dm	20229
Production of food concentrates, ton	1142
Vegetable oil bottled, ton	8704
Cereal and cornflakes, ton	5
Meat half-finished products, ton	6369
Vegetable cans, thousand cans	21749
Pastry , ton	5456
Vegetable juices, thousand cans	1163
Dry whey, ton	4347
Melted cheeses, ton	300
Vodka and alcoholic beverages, thous dal	1318
macaroni, ton	249



# I. REGION REVIEW – MOGILEV REGION



**Regional structure of industrial manufacture in 2011**



## Largest enterprises of the region

Name	Brief description
JSC "Mogilevhimvolokno"	The largest in Europe enterprise in production of chemical fibre. Thanks to wide range of goods and quality of products which meet the highest world standards, the plant has worked up a market in 40 countries, it has won reputation of reliable business partner. It is working with 1500 enterprises and companies of Belarus, Russia, Ukraine, Germany, Austria, Czech republic, China and others. It was awarded with "Golden star" of International selective committee in Madrid, prestigious prize "Arch of Europe" with writing "For immense contribution in world business, high status and professionalism». On the basis of the plant Belarusian-american joint company "Bel-Pak" was established in the 90s, it is the only producer of polyethylenetereftalate (PET granules) of food purpose in Belarus.
JSC "Belshina"	One of the largest companies in Europe, which produces over 200 dimension types of tyres of wide range of goods. The company takes one of the leading positions in tyre production for big trucks (from 25 to 180 tons), which won high reputation while operating in opencast mines in all climatic zones. The company was awarded with international awards "Arch of Europe" for superior corporate image and "Golden Globe" –for competitive and high quality production.



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Branch “Minsk automobile plant” “Mogilevtransmash”	Based on the enterprise «Mogilevtransmash» in February 2005. The plant produces trailers and semitrailers for trucks, autocranes, special building machinery on truck chassis, it operates on the conditions of constant renewal and creation of competitive production with the use of latest scientific and technical achievements.
RUE "Mogilev plant "Electrodivigatel"	The largest company in CIS producing asynchronous electric motors of diverse power. Its products are known in over 50 countries. Its high level is confirmed by numerous awards among which there is International Diamond quality star.
RMUE "Mogilev plant "Strommashina"	At present it produces machinery for building materials' production (over 400 main types of machines) and customer goods. Over 30 countries (CIS, France, Germany, India, Hungary, Czech Republic, Iraq and others) work with the plant's machinery.
JSC "Mogilev metallurgic plant"	It produces steel tubes, electric welded round tubes, profile, water and gas, iron shot. The plant advantage is constantly renewing assortment of output production, superior quality control, managing customer work, delivery of goods in mixed car according to the agreed dates at low costs. It allowed the plant to enter CIS and far abroad markets. In December 2004 it was awarded with title of prize winner by government of Belarus for achievements in quality.
JSC "Mogilev textile"	The largest producer of textile production. It produces a wide range of fabrics and knitwear, it is involved in clothing manufacture. Frequent participation in special exhibitions and fairs allows to create and present new samples of high quality and design. Its production is delivered to CIS, Asia, America and Europe.



# I. REGION REVIEW – MOGILEV REGION

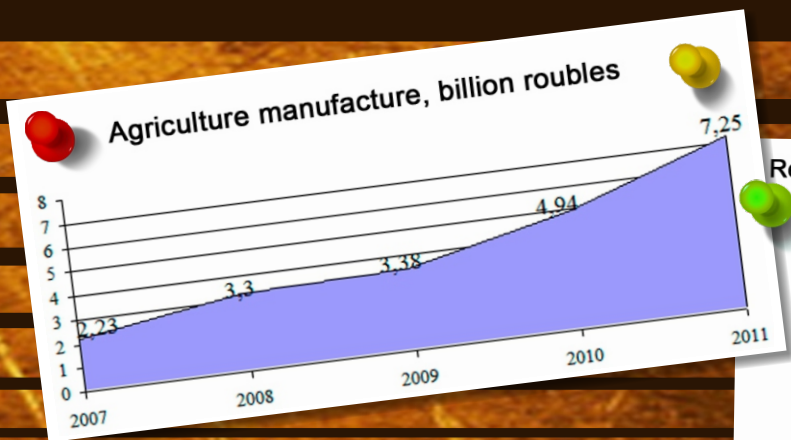
JC "Sopotex"	One of most up-to-date companies producing yarn and fabrics. It produces cotton, polyester cotton yarn of different sizes. The quality meets international standards and is tested with the use of unique laboratory equipment of german companies. Besides, the company produces lining, raincoat fabrics, linen and uniform fabrics, it does tailoring of professional special clothes, work clothes, makes silk fabrics and yarn. Fabrics are delivered to CIS, Portugal, Germany, Italy, Poland, Switzerland, Austria, Hungary.
JSC "Lenta"	Is the largest producer of textile haberdashery and curtains in CIS. The range of goods is constantly renewed with the help of computer technics in making new drawings, it allows to enter new markets and increase deliveries to regular customers, satisfy buyers' needs. 60% of drawings for curtain fabric are renewed each year, 50% of items and over 20% of textile haberdashery items are renewed. Beside CIS countries, its works are delivered to Poland, Czech Republic, Baltic countries. Production is being promoted to Sweden and Italy. The company was awarded with international prize "European quality grade" nomination "Company of XX century" in 2002.
JSC "Babushkina krynka"	One of the largest producers of natural dairy production (about 200 types). Those are whole milk production, animal fat, cheeses (soft, semisolid, solid), casein, glazed cheese, ice cream, mayonnaise, glaze. Quality system according to standards NASSR and ISO-9000-2001 is implemented at the enterprise. New kinds of production are being developed. The company sells its products using new design of packing, new brands "Babushkina krynka" and "Veselye vnuchata" and delivers it to all regions of the Republic, and Russia. Company's production is awarded with numerous diplomas of republican and international fairs and contests. In December 2005 it was awarded with government prize for quality achievements and awards "Best goods in Belarus" and "Best goods of Belarus on Russian market".

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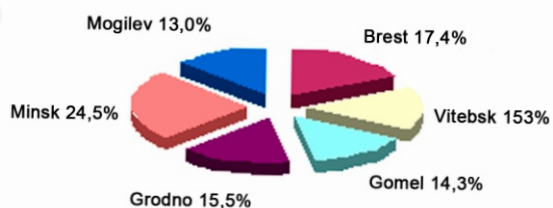
## Agriculture

Agriculture is one of most dynamically developing spheres of the region economy.

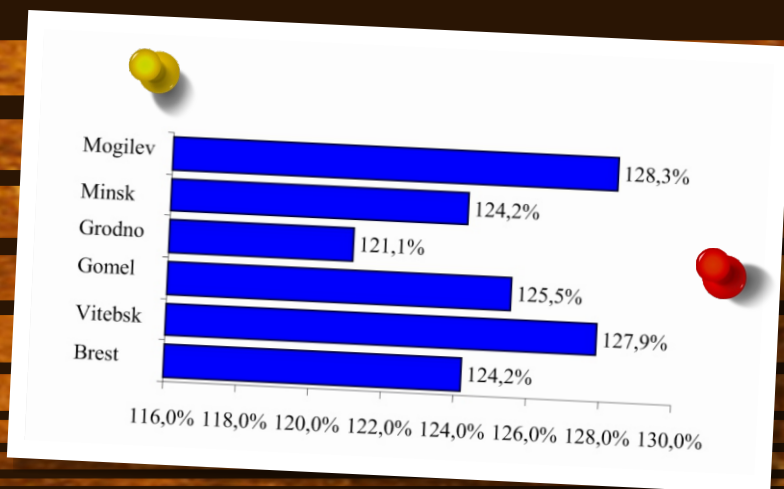
Within the last 5 years (2007-2011.) agriculture production volume in actual process rose by over 3,3 times and reached 7,25 billion roubles where unit weight of Mogilev region increased from 12,2% to 13%.



**Regional structure of agricultural manufacture of Belarus**



Within the given period in comparing prices production growth rate of agriculture made 128,3%. Under this characteristic Mogilev region is a leader in Belarus, exceeding rates of other regions and republican value (125,1%).



# **I. REGION REVIEW – MOGILEV REGION**

In 2011 total sown area in all types of farms made 844,3 thousand ha. Farming enterprises' share made 90% of total sown area, population farming sector – 10%. Major sown areas in agricultural enterprises are meant for grain and feed crops (88%).

Region is leading in Belarus in potatoes harvest in agricultural enterprises (269 centners from ha – 25% more, in comparison with the average in republic), it is second in grain crops harvest (in the region 34,1 cn from ha, around republic – 32,3 cn from ha).

From 2007 till 2011 agricultural export pricewise rose by 1,9 times – from 157,5 mln USD to 294 mln USD.

Export deliveries geography extended significantly. In 2011 agricultural production was delivered to 19 countries: Russia, Moldova, Kazakhstan, Georgia, Azerbaijan, Uzbekistan, Ukraine, Armenia, Turkmenistan, Poland, Lithuania, USA, Germany, Canada, Italy, Romania, Singapore, China.

## **Investments**

-Investment attractiveness of Mogilev region is defined with a number of factors, among which:

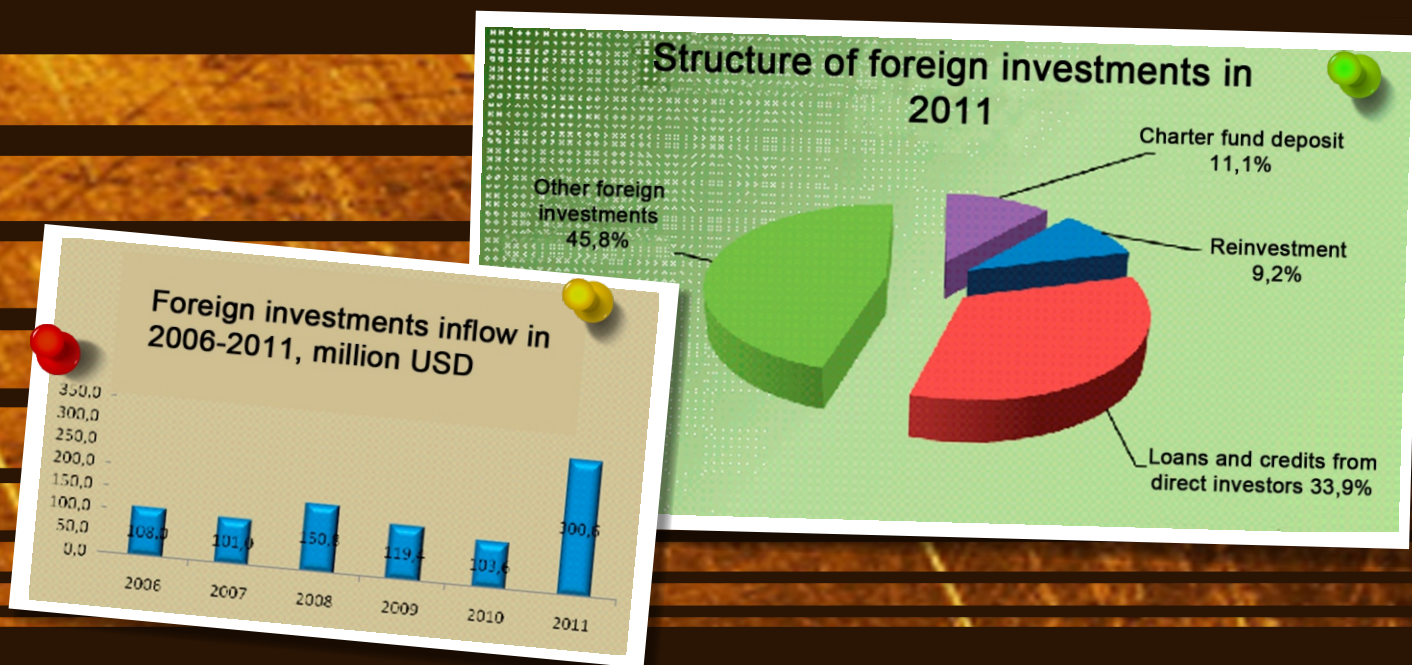
- Privilege terms of taxing (over 90% of the region territory);
- Legislative and organizational provision for investment process;
- Political, social, economic stability;
- Macroeconomic stability;
- High scientific and technical industrial potential;
- Qualified personnel;
- State control quality;
- Legislation and law and order compliance;
- Quality of bank system and availability of loans;
- Advantageous economic and geographic and geopolitical situation;
- Favourable climatic conditions.



## I. REGION REVIEW – MOGILEV REGION

In recent years inflow of foreign investments in regional economy has been noticeable. Since 2006 over 100 mln USD inflow each year.

Significant inflow of investments took place in 2011. Foreign investors invested 300,6 million USD (2,9 times more than in 2010) in the regional economy (apart from banks).



With participation of foreign investors a number of important for the region and the republic projects have been realized: high quality beer production (breweries “Heineken”), meat and half-finished products (“Belatmit”), production of juices (“Staraya Krepost”), window manufacture (“Monblan” (ОДДС “STL Ekstruziya”) and others.

Two more projects are being developed: “Construction of plant for synthetic detergents and household chemicals in Osipovichy Mogilev region” (FPMUE “Perfumery and cosmetics factory “Sontsa”) and set up of vertically integrated woodworking complex (FLLC “VMG Industry”) on the territory of FEZ of Mogilev region.

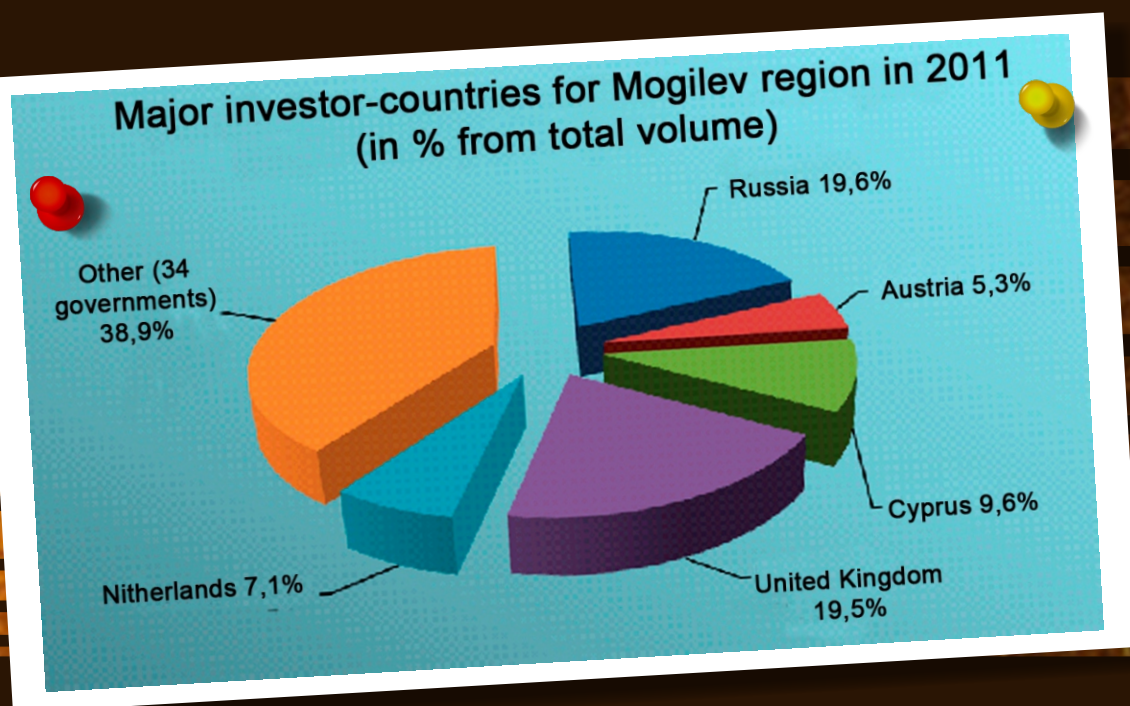


## I. REGION REVIEW – MOGILEV REGION

The main part of investments in recent years was made in manufacture for technical re-equipment and modernization of economy real sector organizations, set up of new enterprises, which favours the extension of industrial and agricultural manufactures.

Significant volumes of investments were made in commerce as well.

The largest investment volumes in 2011 came from Russia, UK, Cyprus, the Netherlands, Austria. In total in 2011 39 states invested in the region.



In 2011 volume of investments into basic capital made 2,03 billion USD. The volume reached 11,4 billion roubles.

In the last 5 years investment growth rate in USD made in average 118,1% per year. This indicator exceeds average value for the country by 4,8 percentage points.

## I. REGION REVIEW – MOGILEV REGION

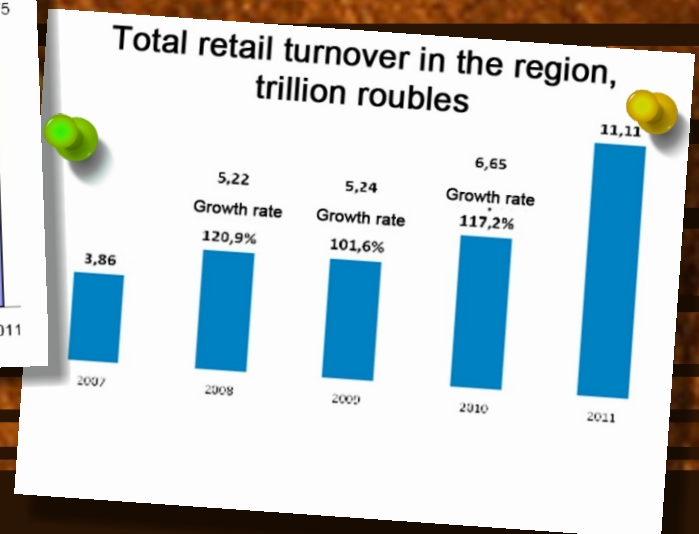
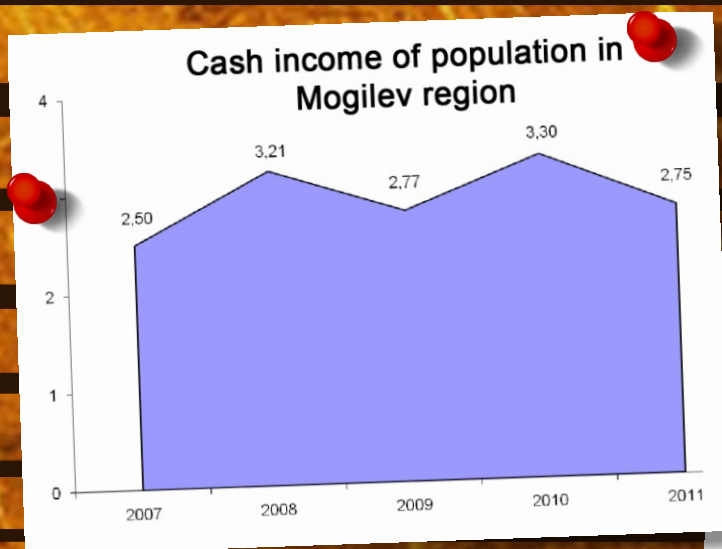
### Cash income of population in Mogilev region

In 2011 cash income of population made 15,4 million roubles (grew by 55,8% in comparison with 2010). Average annual growth rate in 2007-2011 made 127,2%.

In currency cash income reduced and made 2,75 thousand USD.

Average annual growth of cash income in USD in 2007-2011 made 5,8%.

In 2011 cash income of population made 1 283,7 thousand roubles per month.



The share of retail turnover of the region in republican makes about 10% and has been stable for the last 5 years.

# **I. REGION REVIEW – MOGILEV REGION**

## **Внешнеэкономическая деятельность**

Nowadays foreign economic sector is the most high- developing link of agricultural mechanism of Mogilev region. The orientation of mogilev's commodity producers for export provided the appearance of competitive production and services, which are in demand at foreign market. According to the last few years, there is a positive dynamics of growth of export supplies , made by the organizations in Mogilev region. If in 2006 the export of goods in the region was 1 277,5 million of dollars, than in 2011 it was 2 124,0 million of dollars. Mogilev region is the one of three in Belarus with positive foreign trade balance. That shows high “export positions” in region's economy. The part of foreign trade turnover in 2009 was 49%.

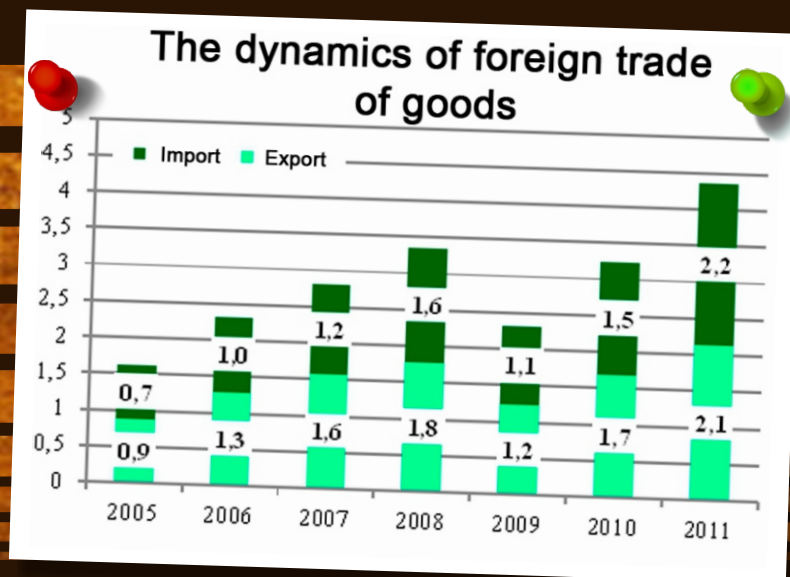
Foreign economic relations are based on the principle of multiviews, what is reflected on regional strategy of export's development. As a result of it, there are more than 120 relations with countries all over the world. The products with brands of Mogilev commodity producers are exported in 92 countries all over the world and almost 80 Russian regions. The main Belarus's foreign partner is the Russian Federation, which shares 68% of export and 36% of import. Among the others contractors can be admitted the furthers : Kazakhstan, Ukraine, and also Germany, Lithuania, Poland, China and others.

The main “export” goods in the region are the industry production of building materials, chemical, petrochemical, light, food industries, and also tube-rolling and machine-building branches.

In 2011 the export grew at such production positions: tyres(+36,2%), elevators(+20,2%), plastic tare(+36,3%), tubes(+17,0%), engines(+40,2%), synthetic fibres(+15,9%), agriculturar engines(+41,1%), cement (in 2,3 times), spares of motor transport means(+15,3%), milk and creams(in 2,3 times).

# I. REGION REVIEW – MOGILEV REGION

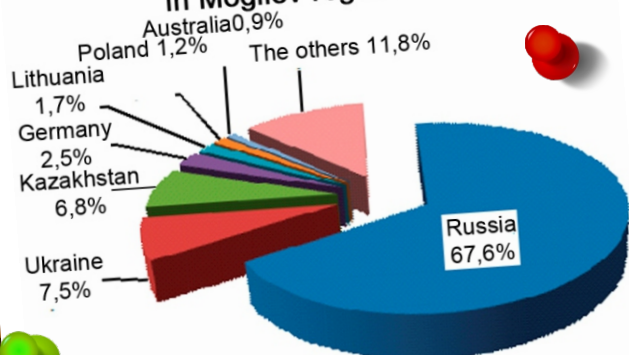
Item	Quantity
Tyres (thous. pieces.)	3540,2
Elevators (pieces.)	6247,0
Synthetic fibres (thous.tonnes.)	43,5
Polyacetals and polyether(thous.tonnes.)	42,7
Plastic tare (thous.tonnes.)	19,7
Dried milk (thous.tonnes.)	16,1
Butter (thous.tonnes.)	11,5
Cheeses and cottage cheese (thous. tonnes.)	10,4
Tubes, pipes and hollow profile and others black metals(thous. tonnes)	54,2
Engines and electric generator (thous. pieces.)	334,8
Complex synthetic fibres (thous. tonnes.)	13,3
Frozen meat of cattle (tonnes.)	7346,0
Machinery for winning and thrashing of agricultural crops (pieces.)	5131,0
Cement (thous. tonnes.)	376,5
Spares and equipment for motor transport means (tonnes.)	8479,7
Milk and creams not-evaporated and with o sugar (thous. tonnes)	39,9
Suits, complete sets,jackets, blazers, trousers, one-piece suits, breeches males and for boys(thous. pieces.)	988,0
Cotton fabrics (mill.sq.km.)	15,3
Nonwoven materials (tonnes.)	8437,1
Fluid pumps (thous. pieces.)	342,0
Cement wares (thous. tonnes.)	282,4
Monothread (thous. tonnes.)	17,2



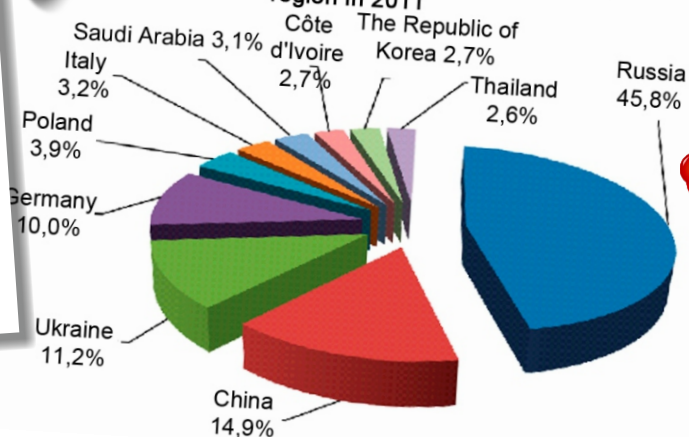


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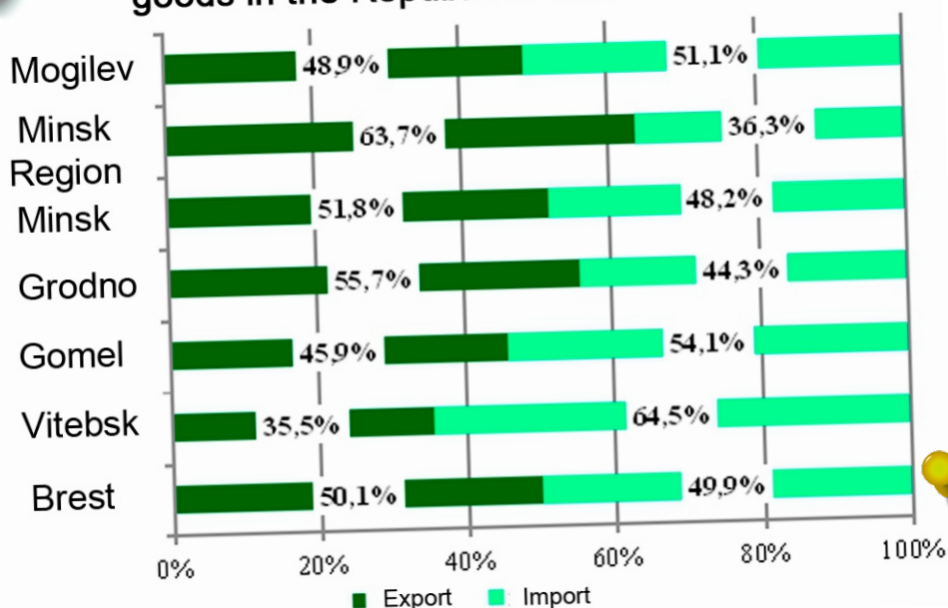
Country's structure of exporting goods in Mogilev region in 2011



Country's structure of importing goods in Mogilev region in 2011



The regional structure of foreign trade turnover of goods in the Republic of Belarus in 2011



# I. REGION REVIEW – MOGILEV REGION

## Special investment zones:

### Towns, rural area

**In small and average urban settlements of Mogilev region (besides Mogilev and Bobruisk)** preferential terms for business activity are created (Decree of President of the Republic of Belarus from 7 May 2012. № 6)

Commercial organizations, individual businessmen in the sphere of commodities (rendering services, execution), within seven calendar years from the date of their state registration:

- > are entitled to avoid calculating and paying profit tax (commercial organizations) and income tax for individuals (individual businessmen) regarding income and profits, received from goods sale (works, services) of own produce

- > are exempt from state duty for issue of special license for several types of activity, making changes and additions, prolongation

- > are entitled to avoid calculating and paying other taxes, duties (besides value added tax, including value added tax for import on the territory of Belarus, excise, stamp duty and off-shore duties, state duty, patent duty, customs duties, land tax, ecology tax, mineral output tax and other taxes, calculated, withdrawn, and (or) transferred with tax agent on duty, payments to innovation funds

- > are exempt from obligatory sale of foreign currency, received in the result of transaction with legal entity-non-resident and individuals-non-residents from sale of goods (work, services) of own produce, including property leasing

- > are entitled:

- > to independently define conditions, volumes, kinds of purchased raw materials, components and materials as well as conditions, volumes and types of production sale, goods (work, services) of own produce

- > to independently determine suppliers or sellers of goods (work, services) for own produce and of own produce

- > to insure property interests at insurance companies, insurance brokers, set up outside Belarus

- > commercial organizations are exempt from import customs duties and value added tax, when entering Belarus with technological equipment as contribution to the charter fund of these organizations

Disposal of state capital buildings and those situated in average, small urban settlements, rural area (buildings, constructions), unfinished laid up capital buildings, unfinished not laid up capital buildings

- > is done without selling the right for agreement on land parcel lease, necessary for servicing property in disposal

- > land parcel is leased to a buyer without auction and charging for the right for agreement on lease, perennial plantings on this land parcel are disposed free of charge



## I. REGION REVIEW – MOGILEV REGION

### Free economic zone «MOGILEV»

Free economic zone «Mogilev» – is a part of Republic of Belarus, which residents are involved in investment and business activity according to special legal order.

FEZ «Mogilev» was founded 31 January 2002.

There are unused industrial grounds and unoccupied land parcels for new construction suitable for industries' location. All FEZ grounds stand out with their developed engineer and transport infrastructure.

The number of countries which praised advantages of FEZ is growing. Investment projects with total volume of over 1 billion USD are being carried out. Investors from Germany, Austria, Great Britain, Turkey and other countries take part in these projects.

Goods produced in FEZ are exported to over 30 countries.

### Composition and infrastructure of FEZ



# I. REGION REVIEW – MOGILEV REGION

<i>Free industrial areas</i>		
<i>Area 1</i>	<i>Area 2</i>	<i>Area 3</i>
<b>Branch JSC «MAZ» «plant «Mogilevtransmash»</b> Unfinished building № 2 S=18780 m <sup>2</sup> (buy-out)	<b>JSC «Tehnopribor»</b> Administrative industrial building № 02 S=11944,4 m <sup>2</sup> (lease, buy-out) <b>CJSC «Sopotex»</b> 1. part of warehouse S=1112,5m <sup>2</sup> (lease) 2. unfinished area of spinning factory S=12312mm <sup>2</sup> (buy-out) <b>JSC «Mogotex»</b> Premises of canteen S=1908m <sup>2</sup> (lease) <b>JSC «Mogilev plant «Electrodivigatel».</b> Unfinished industrial building S=9500 m <sup>2</sup> (buy-out)	<b>JSC «Elmez».</b> Lease or set up of joint company with offices and working area 2000 m <sup>2</sup> .
<i>Area 4</i>	<i>Area 5</i>	<i>Area 6</i>
<b>JSC «Mogilevhimvolokno»</b> Plant for polyester fibre production S=74000m <sup>2</sup> (lease)	<b>LTD «SBI Kauchuk» (former UCOE«Oblagropromtrans»)</b> Base S=1759,7 m <sup>2</sup> (lease)	<b>RUE plant «Mogilevliftmash»</b> Unfinished iron foundry S=7355,5 m <sup>2</sup> (buy-out)
<i>Free land parcels</i>		
16 land parcels with total area 734,53 m <sup>2</sup>		

## Leading companies of FEZ

№	Company name	Registration date	Type of activity
1	LTD «Gazosilikat» (Belarus)	2008	Production of blocks and cell concrete (gas silicate or gas concrete)
2	LTD «Mahina TST» (Belarus)	2008	Production of gray technical cloths, warp-knitting technical polyester cloths from high-strength fibres
3	JLTD «STL Ekstruziya» (Cyprus, Lithuania)	2007	Set up of production of windows «Monblan» from polyvinylchloride
4	JCJSC «Mogilev carriage works» (Belarus, Russia)	2005	Production of railway rolling stock
5	JLTD «Jokey plastic Mogilev» (Belarus, Germany)	2003	Production of plastic wrapping by high-pressure diecasting



# **I. REGION REVIEW – MOGILEV REGION**

## **Tax and customs preferences on FEZ territory**

Residents of FEZ “Mogilev” are provided with a number of economic benefits and preferences which presents favorable conditions for setup and development of business.

Tax benefits (reversal of payment or application of beneficial tax rates) are applied to profit tax, property tax and value added tax.

Import of equipment, raw materials and other material in FEZ is done by residents without customs duties. When exporting produced goods outside the Customs Union they are released from customs duties.

FEZ residents are provided with benefits regarding parcelling and leasing payments.

## **Registration**

To register a company as FEZ resident investment project must provide for:

- investment volume in the amount of not less than 1 million euro;
- setup and/or development of manufacture which is oriented on export and/or import-substituting.

## **Why FEZ “Mogilev”?**

- Gates to Common economic space Belarus-Russia-Kazakhstan with population of 170 million people.
- Advantageous geographic position on the crossing of major Pan-European transport corridors.
- High level of education and professional personnel training.
- Active judicial reforms aimed at simplifying business procedures. Within only two years Belarus managed to go up in rating of World Bank Doing Business from 115 to 69 position.

## **Guarantees for investor**

Judicial guarantees are defined by Investment code of Republic of Belarus and legislative acts on FEZ:

- Special judicial regime set for FEZ residents in taxation remains unchanged for 7 years since registration date.
- Foreign investors are guaranteed unfettered transfer of their profits in foreign currency outside Republic of Belarus.

# **I. REGION REVIEW – MOGILEV REGION**

## **MOGILEV REGIONAL TERRITORIAL FUND OF GOVERNMENTAL PROPERTY**

The Fund of «Regional property» is the territorial organization of Governmental committee dealing with property of the Republic of Belarus and at the same time a structural subdivision of Mogilev regional executive committee.

The fund «Regional property» gives different opportunities to potential investors:

– ***purchasing the property objects;***

A wide enumeration of property objects of industrial and social functions, alienated at auction selling according to assessed value, with lowering the initial price of selling by 20% and up to 50% and 80%, with fixing the initial price of selling, which is equal to one baseline value, and also gratuitously in private ownership for realization of investment projects can be offered to potential customers:

– ***participating in the process of transformation of governmental unitary enterprises into public limited companies;***

In accordance with legislation when creating public limited companies by their founders, together with government, juridical persons, including foreign persons, who deposited their money or property in authorized funds of such associations

– ***purchasing governmental unitary enterprises as property complex at auction or according to competition;***

– ***purchasing shares of GSC at auction or according to competition;***

– ***purchasing shares of GSC in the result of conduction of open or closed subscription.***

Additionally corporation releases subsidiary shares and passes them to investors in the amount of investor's deposit (monetary or non-monetary).

The Fund of «Regional property» is a direct organizer of auction and competitive selling, during which governmental property is sold.

More detailed information about enterprises, which are privatized and transformed into public limited companies, about objects, offered for selling and renting, about appointed auctions and competitions can be found on websites:

Mogilev regional executive committee:

**[http://region.mogilev.by/ru/category/fond\\_mogilevoblimushchestvo](http://region.mogilev.by/ru/category/fond_mogilevoblimushchestvo)**

Governmental property committee of the Republic of Belarus: **<http://gki.gov.by/database/>**

The fund's specialists are ready to consult you about different directions in the sphere of property relations, to consider any offers and ways to find the comfortable algorithm of their realization according to existing legislation of the Republic of Belarus.

**Contact phone number: 8(0222)226563, fax 8(0222)230538**

**Address: 212020, Mogilev, Pervomayskaya str, 62**

**E-mail: [mogoblim@tut.by](mailto:mogoblim@tut.by).**

# **I. REGION REVIEW – MOGILEV REGION**

## **The examples of unused objects' realization of governmental property:**

**The owner: JSC «Mogilevfurniture»**

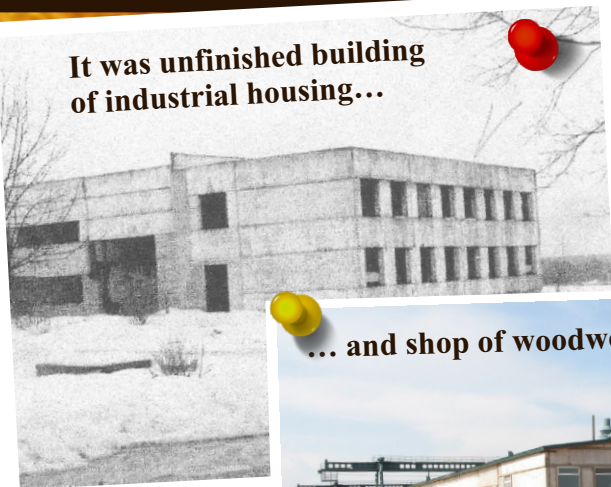
Kind of activity: the production of furniture and saw timber

Investments in project : 6,2 billion of roubles

Created additionally 192 workplaces

Annual volume of goods' production is 8,9 billion of roubles

**It was unfinished building  
of industrial housing...**



**... now it is new boiler-house, burning  
waste wood ...**



**... and shop of woodworking**



**Owner:**

**JLTC «Jokey Plastic Mogilev»**

Kind of activity: production of plastic packing tare

Volume of investments: over 7 million euro

Created 99 working places

Annual production volume: over 4 million euro





**VI INTERNATIONAL  
INVESTMENT FORUM  
OF MOGILEV REGION**

**II. SUCCESSFUL IMPLEMENTATION  
OF INVESTMENT PROJECTS  
WITH FOREIGN INVESTMENTS**

## II. SUCCESSFUL IMPLEMENTATION OF INVESTMENT PROJECTS WITH FOREIGN INVESTMENTS

### Foreign Private Unitary Production and Commercial Enterprise “Staraya Krepost”

(Republic of Belarus, Mogilev region, Bobruisk)

The enterprise was founded in November 2006 on the basis of manufacturing areas of OJSC “Bobruisk Canning Plant”, the founder is Company “Detroit Belarus Juice Company LLC”.

The direction of FE “Staraya Krepost” activity is production of juices and nectars. The strategic aim of the enterprise is to become No.1 producer in the Belarusian market. In 2007 the investor made a reconstruction of current manufacture, the high-technology equipment Tetra Pak was bought and installed. It allows to satisfy 70% of total internal market demand for juices. In total 20 million USD were invested in the project. At present 130 employees work at the enterprise.

The first batch of juice was produced in April, 2008 and by the end of the year the enterprise produced more than 14 million standard cans. Raw materials of the leading world manufacturers of Portugal, Spain, Thailand, Israel and other countries are used by FE “Staraya Krepost”.

In 2011 baby food production was implemented.

The enterprise is focused on production export and since August 2008 it has been supplying Russian Federation.



## II. SUCCESSFUL IMPLEMENTATION OF INVESTMENT PROJECTS WITH FOREIGN INVESTMENTS

### Open Joint-Stock Company “Brewery HEINEKEN” (Republic of Belarus, Mogilev region, Bobruisk)

The company was founded in February, 2004 for realization of the investment project at the brewery in Bobruisk. The project included reconstruction and development of operating beer production.

Since December 2007 FCJSC “Brewing Company “Syabar” is a member of the international brewing holding HEINEKEN N.V.

Near 85 million USD has been invested in the enterprise since 2004. The total modernization was completed at the enterprise in 2008, as a result the enterprise industrial capacity has grown from 12 to 17 million decalitres and its further increase is planned.

Alongside with complex modernization of the brewery “Syabar” the company Heineken tasks to provide high-quality brewing barley cultivation in Belarus.

Quality management system at the enterprise is certified to satisfy the requirements of international standards ISO 9001, the food safety management system HACCP has been introduced.





## **II. SUCCESSFUL IMPLEMENTATION OF INVESTMENT PROJECTS WITH FOREIGN INVESTMENTS**

### **Closed Joint-Stock Company “Servolux “**

(Republic of Belarus, Mogilev region, Mogilev)

The enterprise was established in October 2006 with the participation of capital of the United Kingdom of Great Britain and Northern Ireland.

Business line of CJSC “Servolux “ is the production of meat products (broilers and other associated products), wholesale of agricultural products own-produced and imported from abroad to the Republic of Belarus.

The enterprise carries out an investment project “Expansion of industrial complex for the production of broilers' meat of Branch “Servolux Agro “ CJSC “Servolux “, which envisages the construction of additional objects, the main of which is a poultry farm for broilers breeding in district v. Lezhnevka of Mogilev region.

Project activity started in 2008 with scheduled completion of the construction of all objects to the end of 2012. Along with working capital growth such expansion of industrial base will ensure the enterprise with production capacity of 50 thousand ton of poultry meat per year and partial export.



## II. SUCCESSFUL IMPLEMENTATION OF INVESTMENT PROJECTS WITH FOREIGN INVESTMENTS

### Limited liability foreign company “VMG “Industry”

LLFC “VMG “Industry” is implementing investment project “Establishment of vertically integrated wood-working complex on the territory of free economic zone Mogilev region.

Investment project includes: construction of a plant for fibreboard panel production, plant for production of furniture components from peeled veneer, plant for production of cabinet furniture.

Manufacture capacity allows to produce different types of furniture and laminate goods. Part of wastes, which are formed during laminate goods' production, will be used as raw materials for fibreboard panels' production.

Main final type of production is furniture under trademark IKEA which will be implemented to the concern IKEA in accordance with negotiated long-term contracts.

Implementation of this project presupposes inflow of over 70 million euro of foreign investments, creation of over 850 new working places, provision of annual receipt of currency earnings in the amount of over 68 million euro since 2014.

Apart from that, company VMG and Mogilev executive committee signed the Agreement on intention to establish a forest cluster in Mogilev region which suppose creation of new joint companies (timber, sawing, logistics and other) and involvement in production cycle of active enterprises of Mogilev region.

The start-up of the first starting object is planned for IV quarter of 2012.





## II. SUCCESSFUL IMPLEMENTATION OF INVESTMENT PROJECTS WITH FOREIGN INVESTMENTS

### Foreign private enterprise 'Perfumery Cosmetics Plant 'Sontsa'

Foreign private enterprise 'Perfumery Cosmetics Plant 'Sontsa' was formed and registered by Mogilev executive committee on January 04, 2010 in terms of implementation of investment agreement signed between the Republic of Belarus and the company "Lebortovo Capital Partners Limited" (Cyprus).

The main purpose of the investment project is substitution of import and filling of the local market with high-quality products at reasonable price. In terms of the above mentioned, the Company has erected the plant producing detergents and household products in Osipovichy, Mogilev region, with capacity of up to 50 thousand tons p.a. of dry laundry detergents and 24 thousand tons p.a. of liquid detergents. In June 2011 the Company has started the production of detergents and its first sales. In December 2011 the Company has launched ahead of scheduled date the second stage of investment project – production of liquid detergents. The investor has drawn investments on the project in the amount of over 30 million US Dollars, including 23,5 million US Dollars of direct foreign investments.

At the moment the Company produces detergents under trademarks "Mapa", "April", "Чайка" and liquid detergents under trademark "Mapa", "April".

Though the Company launched production and sales in June 2011, as of the August 2012 data, the company is topping the list with 31,8% in volume share and 30,9% in value share among local and foreign producers on the Belarusian market.

At the moment the Company has started to expand its export sales: numerous export contracts have been concluded in terms of which the sales are being performed to Russian Federation, Ukraine, Lithuania, Kazakhstan and other CIS countries.





**VI МЕЖДУНАРОДНЫЙ  
ИНВЕСТИЦИОННЫЙ ФОРУМ  
МОГИЛЕВСКОЙ ОБЛАСТИ**

**III. ИНВЕСТИЦИОННЫЕ ПРЕДЛОЖЕНИЯ**

### III. INVESTMENT PROPOSALS



**BELSHINA**



**БЕЛШИНА**

#### Joint-stock company "Belshina"

*Republic of Belarus, 213824, Mogilev region,  
Bobruisk, Minsk highway  
Tel. (+375 225) 44-92-07, Fax (+375 225) 44-91-66  
e-mail: belshina@belshina.biz*

#### *Project 1. Technical re-equipment of the plant for large-size tyres (LST)*

Project objective – increase of assortment and volumes of production of multi-section agricultural tyres of radial construction with low unit pressure on soil for self-propelled energy loaded machinery of local and foreign producers.

<i>JSC "Belshina" one of the largest enterprises in Europe, producing over 300 dimension types and models of tyres for passenger cars, trucks, heavy-load trucks, road construction and lift-and-carry cars, electric vehicles, buses, tractors and agricultural machines. The plant's production is sold in Belarus and abroad in over 50 countries. Export makes over 60% of total sales volume. Main foreign trade partner is Russia which is involved in more than 40% of export deliveries. Certified production-90%.</i>	Project description	
	Project cost	62,8 million USD
	Need for investments	59,7 million USD
	Payback period	8,4 years
	Project implementation stage	Business plan of the investment project is developed, investment stage.

### III. INVESTMENT PROPOSALS



#### Joint-stock company "Belshina"

*Republic of Belarus, 213824, Mogilev region,  
Bobruisk, Minsk highway  
Tel. (+375 225) 44-92-07, Fax (+375 225) 44-91-66  
e-mail: belshina@belshina.biz*

#### *Project 2. Set up of production of whole metal cord (WMC) tyres of radial construction with bore diameter 57" and 63"*

Project objective-set up of new generation tyre production for pit-run machinery, technically next best to leading foreign producers and meeting the needs of vehicle industry of Republic of Belarus as well as of ore-dressing and mining industries of CIS countries which use this machinery.

Project description	
Project cost	180,5 million USD
Need for investment	148,6 million USD
Payback period	9,2 года
Project implementation stage	Pre-investment. Project business plan is developed.





### III. INVESTMENT PROPOSALS

## Joint-stock company "Bobruiskagromash"



*Republic of Belarus, Mogilev region,  
213822, the city of Bobruisk, Shinnaya street, 5  
Tel. (+375 225) 43-72-41  
E-mail: [market@agromash.by](mailto:market@agromash.by)  
[www.agromash.by](http://www.agromash.by)*

**Investment project** – creation of additional production capacities for launching new agricultural machinery for laying in of fodder and fertilizer application on the base of energy loaded tractors and tool carriers

**Project objective:** adoption of new products, extension of assortment and production volume

Project description	
Project cost	6,0 million USD
Need for investments	3,7 million USD
Payback period	4,2 years
Project implementation stage	Project business plan is developed, investment stage



JSC "Bobruiskagromash" – leading producer of trailer and rigging agricultural machinery for mineral and organic fertilizer application, the whole cycle of laying in, preservation and feeding, swath roll flax harvesting, trailer vehicles and other agricultural machinery in the CIS and Baltic countries.

Nowadays the plant's trade mark is known in Finland, Denmark, Sweden, Germany, Canada, Argentina and other countries of Western Europe and Latin America. Laying in of fodder machines are in special demand at these markets.

# III. INVESTMENT PROPOSALS

## Organization of manufacture in pouring of mineral and pure drinking water in Klichev area of Mogilev region

### Project objective

Construction of a new plant and organization of water pouring manufacture: installation of new technological equipment for blow out of PET bottles and water pouring; water-well drilling for mineral and drinking water; satisfying the needs of population for quality mineral and drinking water.

### Project description

There are 4 mineral water wells in the area, from 130 up to 300 m deep. Underground mineral and drinking water supplies are estimated for 50 years of exploitation.

In Lenevka village depth of the well is 210 m. Chemical composition of water is sulfate sodium calcium with increased quantity of magnesium, small mineralization (3,3 g/dm<sup>3</sup>). The next analogue are water springs Kvashinsky and Moskovsky (Russian federation).

0,8 km to the north east of Orlino village well depth is 135 m. Chemical composition is chloride sodium calcium with increased quantity of magnesium of small mineralization (1,3 g/dm<sup>3</sup>). The nest analogue is mineral spring Spalis (Druskininkay).

In deposit Olsa the major source for medio and table waters is glussky terrigenous complex.

Mineral water deposit is prepared for commercial development as single exploratory wells.

### Project characteristics

Project implementation stage	Pre-investment stage. Investment offer
Project initiator	Klichev district committee
Approximate cost of the project	6 million USD
Need for investments	6 million USD
Estimated form of participation of investor in the project	Direct foreign investments
Payback period	3,5 years



### III. INVESTMENT PROPOSALS

#### Joint stock company “Lenta”

*Republic of Belarus,*  
*212030, the city of Mogilev, Cheluskintsev street, 65,*  
*tel. (+375 222) 31 02 67, 31 60 44, tel/fax 22-80-44,*  
**E-mail: [lenta@mogilev.by](mailto:lenta@mogilev.by), [www.lentabel.by](http://www.lentabel.by)**



**Investment project:** organization of manufacture for ribbons and shoulder straps

#### Project description

Project objective – production of ribbon and straps for linen in up-to-date color gamma, with good strength properties of dying and requested stretching parameters. Outstanding quality and attractive looks allow to widely use this production in manufacture of female and children’s linen, knitwear, sportswear.

#### Project characteristics

Project initiator	JSC “Lenta”
Approximate cost of the project	5 Million USD
Need for investments	4 million USD
Estimated form of investor participation in project	Direct foreign investments, foreign loans or local investor financing
Payback period	5,3 years





### III. INVESTMENT PROPOSALS

#### Joint stock company “Lenta”

*Republic of Belarus,  
212030, the city of Mogilev, Cheluskintsev street, 65,  
tel. (+375 222) 31 02 67, 31 60 44, tel/fax 22-80-44,  
E-mail: [lenta@mogilev.by](mailto:lenta@mogilev.by), [www.lentabel.by](http://www.lentabel.by)*



JSC “Lenta” – the largest producer of textile haberdashery in Belarus. Successful combination of half-century experience at the textile market and use of modern technologies allows to produce high quality goods, which is a proud competitor at the market of CIS and far abroad countries.

#### **The company produces and sells:**


- Curtains (curtain fabrics, sets of curtains, tablecloths, serviettes, laces);
- Textile haberdashery (ribbons, straps, laces, textile fasteners “Contact”);
- Retroreflective goods (sleeve bands, figured goods, cloaks).

One of new directions in production is manufacture of modern bandaging materials, which meet European standards.

JSC “Lenta” has its own commodity distribution network in Belarus, Russian federation.

# III. INVESTMENT PROPOSALS



## Water park construction in Mogilev

Project description	Key characteristics	
<p>Project – construction of modern all year round complex for rendering health-improving services (water park) in Mogilev. It is projected to include: 20-25 meter swimming pool, children's pool, different rides, café or restaurant. 4 grounds each being serviced by regular municipal passenger traffic may be offered to investor. There is also well developed engineer infrastructure. Estimated number of visitors per visit: 300-400 persons.</p>	Project implementation stage	Pre-investment
	Project initiator	Mogilev city committee
	Approximate cost of project	10 million USD
	Plottage	2,5 ha
	Cadastral cost per 1 sq m, USD	65,18
Project advantages		
<p>There is no water park in Mogilev.</p> <p>Growing citizens' demand for sports and health-improving entertainment services.</p> <p>Touristic attractiveness of Belarus.</p> <p>Popularity of water park tours to parks of neighbour countries</p> <p>Dynamics of region development</p> <p>Growing income of population</p>		



# III. INVESTMENT PROPOSALS

## Construction of hotel in Mogilev

Project description	Key characteristics	
Project – construction of hotel complex including a wide range of sports and health-improving , administrative and entertainment functions in the picturesque corner of Mogilev on the Pechersk lake, surrounded with forest. There is water supply system, sewage system, heating main, pump station, boiler room on the investment ground.	Project implementation stage	Pre-investment
	Project initiator	Mogilev city committee
	Plottage	5,3675 ha
	Approximate cost of project	20 million USD
	Expected annual profit	3,8 million USD
Project advantages		
Touristic attractiveness of Belarus.	 	
Closeness to business administrative trade center of Mogilev is combined with isolation from noise and bustle of big city.		
Remoteness from city center – 3,5 km.		
Remoteness from airport Mogilev (IL-76, TU-154, B-737, B-757 and lower class)- 17,2 km.		
Remoteness from national airport Minsk – 195 km.		
Remoteness from Minsk – 220 km.		
Remoteness from Smolensk – 196 km.		



### III. INVESTMENT PROPOSALS

#### RUME "Mogilevhlebprom"

Republic of Belarus

212009, the city of Mogilev,

Kosmonavtov str, 39

tel. (+375 222) 238062, tel./fax (+375 222) 238084

[www.hlebprom@mogilev.by](mailto:www.hlebprom@mogilev.by)



**investment project** – installation of production mechanized line for breadsticks like “grissini”, bread ring like “taralli”, crackers and cheese and potato snacks at the plant 3 of Mogilev RUME “Mogilevhlebprom”.

**Project objective:** installation of machinery for preparation, lamination and dough dressing for production of traditional Italian snacks - breadsticks like “grissini”, bread ring like “taralli”, crackers and cheese and potato snacks. Estimated production volume 1100,0 tons per year. Production (grissini, taralli, snacks) will be in demand at the local market, as these are new products at Belarusian market which are not manufactured at state enterprises. Cracker will also be in demand as its production volume is not large and it is mainly imported.

Project characteristics	
Investment	3,0 million USD
Need for investments	3,0 million USD
Payback period	4,8 years
Project implementation stage	Pre-investment stage. Project business plan is being developed



### III. INVESTMENT PROPOSALS

#### RUME "Mogilevhlebprom"

RUME "Mogilevhlebprom" is the largest producer of bakery and pastry in Mogilev and Mogilev region. The enterprise comprises 8 bread-baking plants in the region and 3 plants within the city. Over 130 tons of bakery and 20 tons of pastry are produced per day. The range of production is wide and diverse: over 400 kinds of bakery and 500 kinds of pastry (spice cakes, oatmeal biscuits, waffles, cakes, rolls, loaf etc). unit weight of diet and diabetic products makes over 35% of total production volume.

Beside basic production plants produce non-alcoholic beverages, bread kvass, fruit wine, jelly marmalade, jam, rye malt, fruit juices, whole milk substitute.



The widest assortment, invariable quality, only natural raw materials and modern improved technologies allow the enterprise to proudly present its production not only locally but also abroad.

The enterprise logo "Healthy product – for your health".

# III. INVESTMENT PROPOSALS

## Joint stock company "Chausky plant of ferroconcrete items"

*Republic of Belarus,  
Mogilev region, 213206  
Chausy, Stroitel'naya str,5,  
tel. (+375 242) 2-19-51  
e-mail: zjbi@mail.ru*

**Investment project** – reconstruction of the operating enterprise.

Project objective	Project characteristics	
Increase of output of items and constructions from precast concrete	Project implementation stage	Pre-investment stage. Investment offer
	Approximate cost of project	6,4 million USD
	Need for investments	6,4 million USD
	Estimated form of investor participation	Direct foreign investments
	Payback period	7 years

JSC "Chausky plant of ferroconcrete items" – producer of precast ferroconcrete and concrete items and constructions.

Structure of the enterprise:

- workshop for concrete mixing machines;
- moulding workshop;
- reinforcing workshop;
- polygons №1, polygons №2;

Warehouses and other premises .

Production is sold mainly at the local market. Small part is delivered to Russia.

