History and geography

The Lipetsk Oblast was formed on January 6, 1954. The decision to create a powerful center of steel production in Russia – Novolipetsk iron and steel plant, was crucial for the rapid development of the region. In the apparent dominance of metallurgy, other industries such as machinery, chemicals, light industry, food and others are developing as well.

The Lipetsk Oblast is located in the center of the European part of Russia, at the intersection of major highways linking the capital of the Russian Federation with the South of Russia and the Northern Caucasus, and the western regions of Russia - with the Volga region. The climate is moderately continental.

Total area of the region is about 24 thousand square km., which is 0.14% of the territory of Russian Federation.

The length from North to South is 200 km, from West to East — 150 km. The population is 1.2 million people. The area is divided into 20 administrative units: 2 urban districts and 18 municipalities.

The city of Lipetsk is the administrative and cultural center of the region, located on Voronezh River, with the population of more than 500 thousand people.

Mineral resources include limestone, dolomite, sand, clay, cement raw materials. The Lipetsk Oblast is the first in the Russian Federation in terms of reserves of carbonate resources. There are significant deposits of peat.

Transport infrastructure

The region has the developed infrastructure which is integrated into transport system of the Russian Federation. The Lipetsk Oblast is located in the center of the European part of Russia at a distance of 450 km from Moscow to the South. The distances from St. Petersburg, the Black Sea and the European Union border are 1000 kilometers. It is possible to reach Moscow in 5 hours on highways from any point of the Lipetsk Oblast and this is one of undoubted natural benefits of the area.

Air transportation is carried through the Lipetsk airport, capable to accept and send planes weighing up to 60 tons.

The Lipetsk airport has the status of the international. In 2013, the airport modernization has been launched under the federal target program "Development of transport system of Russia (2010-2015)" together with establishing a point of entry across the State border of the Russian Federation.

The Lipetsk airport will be able to accept modern passenger and cargo aircrafts with a take-off weight up to 200 tons on internal and international airlines after reconstruction.

For the purpose of further enhancement of infrastructure of passenger and air cargo carriages of the region, a creation of the intermodal transport center based on the territory of the Lipetsk airport is planned. The intermodal center in the Lipetsk Oblast will allow movement of goods and freights with the use of the European schemes, technologies and logistics. The main types of rendered services are: overload of containers from an air and rail transport to motor transport and vice versa, services in customs procedures of freights, picking of goods, labeling of goods, sorting, packaging, together with short-term and long-term storage.

The total area of the intermodal center is 1629.4 hectares. The main elements of the intermodal transport center in Lipetsk are:
- International Airport, with all the relevant elements of this status, with two runways, allowing planes of any load capacity;
- Oil terminal with capacity of 85 000 tons of aviation fuel and oil;
- 1 class railway station;
- Automotive center with container traffic; trucks which are capable to deliver cargo inside Russia and abroad;
- Logistic center with storage facilities for the freights which have passed necessary customs formalities;
- Infrastructure services with cargo transportation volume up to 10 million tons per year;
- Infrastructure services for transportation of passengers with all elements of service that correspond to international airport;
- Trade and investment center with a wide range of services. Residents and partners, domestic and foreign companies with the highest "brand awareness" are invited.

In the future, the Lipetsk airport will turn into a transport-logistic center, which will combine air, rail, automotive and river transport of the region.

The restoration of navigation on the River Don and the construction of the river port are considered to address the freight issues. Water transport has high carrying capacity and low cost of transportation, in addition it allows carrying loads of any size. Recovery of navigation on the Don river will expand the range of transported products and goods.

The construction of the highway "Eastern bypass the industrial area of Lipetsk" with the length of 26.34 km has started. This highway will be connected with the most important highways M-4 "Don" and M-6 "Caspian". Construction is carried out as part of the sub-program "Highways" of the federal program "Modernization of transport system of Russia (2002-2015). Commissioning is planned for the IV quarter of 2013.

Human Resources

The able-bodied population of the region is more than 634 thousand people. The unemployment rate according to the International Labor Organization is 3% -4%.

For the past 15 years, there was no conflict at work, ethnic or religious basis in the region.

Investors coming to Lipetsk Oblast have good opportunities for highly skilled labor recruitment of young staff.

The average monthly salary in the region of 475 Euros or 630 U.S. dollars, in manufacturing - about 630 Euros or 835 USD. This salary level is a competitive advantage for investors.

Science and education

There are 20 institutions of higher education in the Lipetsk Oblast, including branches.
The system of primary and secondary vocational education is represented by 18 institutions of primary and 18 of secondary vocational education, with an enrollment of more than 20 thousand people. Education is conducted for the 62 primary specialties and 70 secondary specialties.

Vocational education is carried out in accordance with the request of the labor market, taking into account the specific conditions and requirements of the customers.

The total number of students at universities and branches is about 35 thousand people.

The main scientific potential of the region is concentrated within these three state universities located in the region:
- Bunin Yelets State University is conducting research in the field of teaching, literature, local history, archeology and history of the Central Black Soil Region, issues of the Russian language, law, social issues, etc.
- Lipetsk State Technical University conducts research and development of new processes of production of ferrous metals, construction materials and structures and methods to improve the reliability of the equipment and tools, research in the area of energy and resource conservation, etc.
- Lipetsk State Pedagogical University conducts environmental and fauna, ecological and biological research, environmental monitoring, research problems of continuous teacher training, teaching methods of foreign language, issues of regional history and culture, etc.

Decision was made to create specialized training classes (groups), ready to accept children of expats from the age of three up to grade 7 with English-speaking teachers.

**Industry**

The industrial sector of the region is multidisciplinary and includes 200 large and medium-sized enterprises.

The region is the leader in the Central Federal District of the Russian Federation in the production of certain types of products and goods: concrete mixers (34% of total Russian production), household refrigerators and freezers (35%), washing machines (39%), cultivators (28%), iron (23%), coke (9%), ferrous metals (18%), steel (17%), electrical steel (62%) and transformer steel (60%).

The leading industries are: iron and steel production (58% of the industrial output), manufacture of food products (20%), electricity (8%), manufacture of machinery and equipment (6%).


A competitive regional cluster for the production of "white goods" is developing, based on the company "Indesit International" for the production of refrigerators and washing machines of "INDESIT" and "ARISTON" brands. Twenty-two companies of the Lipetsk Oblast supply component parts and raw materials to the main conveyor.

Clustering is formed for the production of agricultural machinery and equipment, automotive, pharmaceutical, industrial-innovative as well as tourism clusters.

**Agricultural complex**

Agriculture is a priority component of the economy of the Lipetsk Oblast. It includes more than 250 agricultural enterprises, 1000 country farm enterprises and 270 thousand personal farmsteads. 630 individual businessmen are engaged in agricultural activities, 340 enterprises and 360 agricultural consumers’ cooperative societies are producing and processing food products.

The region produces 33% of Russia’s canned fruits and juices, 10% - of sugar, 8% - confectionery, 6% - mineral water.

More than 90% of macaroni and confectionery, fruit and vegetable preserves, more than 80% of meat and by-products, sugar and mineral water, 15% of milk and dairy products are exported outside the region.

The main consumers are: Moscow, Voronezh, Leningrad, Belgorod, Ryazan, Moscow, Tambov, Kursk, Penza, Tula and Orel regions.

Russia’s entry to WTO increases the demand for competitive foods and encourages enterprises to expand the range of their products and the use of new production technologies and modern packaging materials. The major investment projects are implemented by OAO LKF "Roshen", ZAO "Lipetskivko", OOO "Lebedyansky", OAO "Lipetskii KhladoKombinat," OAO "UNIMILK ".

Regional cooperation is developing rapidly. More than 30 agricultural enterprises of the region participated in the 14th Russian Agricultural Exhibition "Golden Autumn-2012". Lipetsk farmers and processors have won 20 gold and 3 bronze medals for the quality of the food they produce.

The area of farmland is about 2 million hectares (75% of all land). The predominant soil type is black soil (more than 85% of agricultural land).

Using 1.5% of Russia’s arable land area the region produces 3% of the total volume of Russian grain, meat and meat products, 5.3% of macaroni, 4.3% of confectionery, 6% of mineral water, 10% of sugar, 22% of canned fruits and juice, 9.2% of dry baby foods based on cereal.

The main directions of agricultural production are the production of grain, sugar beets, potatoes, cattle, pig and poultry farming.

The production of high-energy crops (rape and corn) is also developing.

Seed production of the Lipetsk Oblast is the basis of crop production. Research Institute of Canola is engaged in breeding of canola (the original and elite), "Suffole-Grain-RUS" (France) and OOO KWS R&D RUS (Germany) are breeding new foreign varieties and hybrids which meet the needs of the Russian agricultural producers. Experimental station, established by KWS Company, is the information center of modern technologies of cultivation of crops. Managers and specialists of the agricultural sector of Russia and Eastern Europe are studying in it.
In the region there are farms that produce seeds of higher reproductions. There are many testing stations and the Research Center for Innovative Technology of the Swiss company "Syngenta". In 2010, the internationally recognized leader in the field of plant breeding and hybrid seed production of various field crops - a transnational company "Pioneer", came to the region. The company has the largest bank of valuable breeding material, is engaged in the development, supply and technical support of a number of products for the needs of the modern high-tech agriculture.

**Construction complex**

More than 500 enterprises and companies of various forms of ownership are involved in construction activities. More than 100 are large and medium sized construction companies.

Most construction materials like cement, precast concrete, wall materials, including sand-lime brick, slag and gas silicate blocks, concrete products (pavers, curbs, etc.), building lime, sand, gravel, clay are produced in the Lipetsk Oblast. The region has facilities for the production of wall materials in excess of 750 million bricks per year, precast concrete - over 500 thousand cubic meters, cement - 1600 tons and has a rich mineral resource base.

New housing per capita is 0.7 square meters per person - this is the fifth place among the subjects of the Russian Federation.

Architecture and urban planning in the Lipetsk Oblast are of a high level: the Lipetsk Oblast was awarded the Bronze Diploma in 2005, the Golden Diploma in 2009 and the Bronze Diploma in 2011 at the International festival "Architecture".

**The Lipetsk Chamber of Commerce and Industry**

The Lipetsk Chamber of Commerce and Industry (CCI) represents and defends the interests of the regional business on the basis of the Charter of the Lipetsk CCI and the Russian Federation Law "On Chambers of Commerce and Industry of the Russian Federation." Lipetsk CCI brings together 380 companies and organizations of all forms of ownership.

Lipetsk CCI is part of the Russian Federation Chamber system, including about 180 territorial chambers, 16 representative offices abroad, as well as in the global system of Chambers.

Membership in the Chamber enables the businesses and organizations of the Lipetsk Oblast to make use of the wide variety of services performed by highly qualified personnel.

CCI provides important and useful benefits:
- integration with other entrepreneurs in the real power to influencing social and economic life of the region;
- use of the opportunities and experience of the international and Russian systems of Chambers of Commerce and Industry to achieve business success.

The Lipetsk CCI is a member of the Central Black Soil Region Association of Chambers of Commerce and Industry, CCI Business Councils of the Black Sea and Caspian Sea countries. The Chamber has concluded over 20 agreements on cooperation with state and federal agencies, with 25 foreign and territorial chambers.

The Lipetsk CCI established several public committees: for the support and development of the small business, IT and telecommunications, advertising and interaction with the mass media, the Regional Quality Council.

Lipetsk Chamber of Commerce promotes the economic development of the Lipetsk Oblast and its integration into the global economic system and the creation of favorable conditions for the development of all business sectors.

Contacts: 398600, Lipetsk, ul. Pervomayskaya, d. 78; tel. (4742) 226-069, fax 222-957, e-mail: info@liptpp.ru, http://lcci.lipetsk.ru

**Foreign economic activity**

Over the past 10 years, foreign trade of the Lipetsk Oblast increased by 4 times and reached 6.5 billion U.S. dollars.

The main exports are ferrous metals, refrigerators, freezers, washing machines and food products. The leader of foreign economic activity in the steel industry is OAO "NLMK", in mechanical engineering - ZAO "Indesit International", in the food processing industry - OAO "Roshen". Exports exceed imports by 3 times. The notable fact is the increase of export of the components together with a high degree of processing.

The main imports of the region are engineering products and equipment that is associated with the import of technological equipment by residents and participants of the special economic zones of the Lipetsk Oblast, as well as to the implementation of enterprise programs of modernization. Every year the number of enterprises engaged in foreign trade, increase. More than 200 enterprises of the Lipetsk Oblast have their partners in 80 countries. Most of the turnover comes from Italy, Denmark, Germany and Turkey.

**Investments**

At the investment market, the region offers high investment safety and well developed infrastructure as its competitive advantages.

For the last few years, the volume of capital investment has been exceeding the budget revenues of the region twofold. The share of investment in gross regional product is more than 30%. In terms of the volume of investment per capita Lipetsk Oblast is a leader among the 18 regions of the Central Federal District.

Favorable investment climate together with the investment support are created in the region. Regional support for businesses in the region is carried out in the framework of regional laws and programs in the form of tax breaks, subsidies to compensate a part of the costs, providing state guarantees. The Lipetsk Oblast provides a level playing field for both Russian and foreign investors, while focusing attention on the social, economic and environmental efficiency of the investment project.

In the region there are more than 360 enterprises with foreign capital. Foreign investments are mainly directed to the manufacturing, including technical re-equipment and modernization of production.

In the region a three-level system of creation and development of the points of economic growth is formed, offering investors the best opportunities for business location. Investors are offered grounds, with necessary infrastructure.
**Reasons to Invest in the Lipetsk Oblast**

This politically stable region is one of the most dynamic regional economies of Russia showing a strong socio-economic performance.

The region has the following strengths:

- favorable geographical location in the center of European Russia;
- federal railways and motorways;
- government support for investors in the Lipetsk Oblast;
- investor-friendly administration;
- established practice of interaction with investors in their best interests;
- consulting services for investors;
- skilled labor and management resources;
- extended banking infrastructure;
- high-technology manufacturing business, including that with foreign capital;
- soil and climate conditions favorable for agricultural and processing activities;
- ample accommodation infrastructure, convenient hotels and apartments;
- balneotherapeutic health resort with deposits of mineral water and therapeutic muds.

The priority areas for investment are: automotive, auto components, all kinds of mechanical engineering, energy production and energy saving devices, food processing, pharmaceuticals, and biotechnology.

The Lipetsk Oblast provides a level playing field for both Russian and foreign investors. Investor is offered a ground, with the entire necessary infrastructure. Investor relations policy of the Lipetsk Oblast is aimed at reducing administrative barriers, minimizing the risk of corruption, as well as at the development of a "one stop shop".

Protection of investors from passing laws that impair the position of investors is guaranteed within the competence of the Lipetsk Oblast.

Investor’s rights for free choice of contractors, suppliers and any other counterparties, guaranteed non-interference in the administrative and business activities of the investor implementing the project in the Lipetsk Oblast, are strictly observed.

**SPECIAL ECONOMIC ZONES**
The special economic zone of industrial type "Lipetsk" was established in 2005. Its main activities are engineering, metalworking, energetics, automotive industry and manufacturing of automotive components. The economic zone's area is 1024 hectares and it is adjacent to the industrial area of the regional center and is located on the territory of Gryazi district between the cities of Lipetsk and Gryazi.

SEZ "Lipetsk" has got 23 residents. Among them are companies from Japan, Belgium, Germany, the Netherlands, Italy and Russia with the investment potential of more than 74 billion rubles.

In terms of further development of SEZ "Lipetsk" the second part with the area of 1,298 hectares in the municipal district Yeletsky is planned.

Residents of the SEZ "Lipetsk" are provided with the following privileges and preferences:
- Exemption from property tax for 10 years,
- Exemption from transport tax for 10 years,
- Exemption from land tax for a period of 5 years,
- Exemption from income tax for a period of 5 years, then 5% for up to 10 years, 13.5% for the period of activity,
- regime of free customs zone.

Regional special economic zones (RSEZ)

Implementation of the Law of the Lipetsk Oblast of 18.08.2006 № 316-OZ "On Regional Special Economic Zones" will create an attractive environment for investment in municipal areas and urban counties areas.

Eight regional special economic zones of different types were created in the Lipetsk Oblast: four of industrial type, two of tourism and recreation type, one of agricultural type and one of technical innovative type. The total area of the regional zones is 196845.4 hectares. Zones are located in the urban districts of the city of Lipetsk and Yelets and Terbuny, Chaplygin, Dankov, Zadonsk and Lev Tolstoy districts. Specially-selected sites are in convenient locations in relation to the federal and regional highways with developed engineering infrastructure.

39 participants from five countries were registered in the regional special economic zones: Russia, Germany, Austria, Czech Republic and China, with an investment potential of more than 80 billion rubles.

Participants are provided with the following privileges and preferences:
- Exemption from property tax for 7 years
- Exemption from transport tax for 10 years,
- The income tax rate to be paid to the regional budget is reduced by 4.5 percentage points,
- Payment for land is 0.1% of the cadastral value per year for 5 years.