Nizhny Novgorod
Investment Passport

Nizhny Novgorod
2015
Ladies and gentlemen!

Nizhny Novgorod is one of the biggest cities of Russia. Situated in a unique, picturesque location - at the confluence of the Volga and Oka - our city is ancient and forever young, keeping all the wealth of its long history.

Today, Nizhny Novgorod is the largest industrial and scientific center of Russia. Local automobile, shipbuilding, aerospace enterprises and scientific and research institutions are world-famous.

The favorable geographical position, developed and diversified economy, a great human and intellectual potential of Nizhny Novgorod, all these attract investors from all over the world.

The priority areas for investment are high tech, housing and public utilities, energy sector, transport infrastructure, housing construction, educational and sports facilities, tourist industry.

Nizhny Novgorod is open for cooperation and the implementation of bold ideas and ambitious projects.

I believe that due to joint efforts of business and municipal authority, we will make our city more beautiful and more comfortable for residents and visitors!

Sincerely,

Head of the Administration of Nizhny Novgorod

Oleg Kondrashov
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I. The city of great opportunities!

General information about the city

Nizhny Novgorod was founded in 1221. The city has a favourable geographical position. It is located near the geometric centre of the East European Plain on the confluence of two rivers: the Volga and the Oka. The important competitive advantage of the geographical position of Nizhny Novgorod is its maximum proximity among the Russian million-plus cities to Moscow (439 km). Owing to this fact the city traditionally functions as a link between the capital region and the Volga region, and through the Volga region – with the Urals, Siberia, the Far East, the countries of Central Asia. Nizhny Novgorod is one of the largest transport hubs in Russia.

Nizhny Novgorod plays an important role in social and economic development of the Russian Federation. It is the fifth city in the country according to population size, the major scientific and industrial, business, cultural and spiritual centre of the country. The area of the city is 46,652 hectares, which is comparable with the territories of Malta and Andorra.

In 2004 Nizhny Novgorod as a municipality got the status of urban district. It is the centre of the Volga Federal District; the administrative centre of the Nizhny Novgorod Region; the centre of the Volga-Vyatka economic region, and also the centre of the urban agglomeration of the Nizhny Novgorod Region with a population over 2 million people, which is one of the five largest urban agglomerations in the country. Within 500 km from Nizhny Novgorod there live about 43 million people (24 million of which live in the cities with a population more than 100 thousand people), and within 1000 km – there are more than 84 million people. Extensive consumer market and close relationships with major Russian agglomerations create favourable conditions for development of large distribution centres in Nizhny Novgorod.
The territory of Nizhny Novgorod is divided by the river Oka into two parts – the upper part and the lower part. The historical and cultural centre of Nizhny Novgorod is located in the upper part. Business centre of Nizhny Novgorod develops is also situated in its historical centre. However, more than 71% of the population lives in the lower part, where the large industrial and logistics facilities are dominated.

**Transport**

Nizhny Novgorod is located at the intersection of major railways and highways, included in the two trans-European corridors: «North – South» and «East – West», originating in Scandinavia and Germany, and it is one of the largest transportation hubs in Russia.

The international Airport "Nizhny Novgorod" provides service for domestic and international flights; the Lufthansa airline offers convenient connections with European countries, North and South America without transfer in Moscow.

The head office of the Gorky Railway is located in Nizhny Novgorod and it is the most effective subsidiary of national JSC "Russian Railways". Gorky railway connects Central, North-Western and Northern regions of Russia with the Volga region, the Urals and Siberia. The Gorky-Moscow station is the biggest station of reception and departure of passengers.
Automobile routes of regional and federal significance pass through Nizhny Novgorod. The density of the road network exceeds the average Russian indicator in 2 times.

There is the centre of the Volga River Joint Shipping Company in the city; it is the oldest shipping company of Russia. Today JSC «Shipping Company «Volga Shipping Company» is the fourth largest shipping companies in the country.

The city has an extensive network of domestic passenger traffic. In 2014 95,6 million passengers used buses and the number of passengers of electric transport amounted to 59,5 million.

The subway system of Nizhny Novgorod consists of 14 stations and it is the third in Russia and the largest in the Volga region. 37,2 million passengers used Nizhny Novgorod subway in 2014.

**Scientific and educational potential**

Nizhny Novgorod is one of the biggest scientific and educational centres in Russia. It has large human and intellectual capacity. The city has a developed system of secondary and higher educational institutions and research institutes.
21 higher and 34 specialized secondary public educational institutions, 15 private higher and secondary specialized educational institutions provide trainings of highly qualified specialists. Two higher educational institutions have the status of National Research University. They are Federal State Budget Educational Institution of Higher Education “Nizhny Novgorod State University named after N. I. Lobachevsky” and Nizhny Novgorod Branch of Federal State Autonomous Educational Institution of Higher Education “The Higher School of Economics”.

Development of economy imposes new requirements to specialists and working staff training structure and quality. 38 professional educational organizations prepare specialists with secondary vocational education in Nizhny Novgorod. In 2014 4516 people received the secondary vocational education within the training programs for qualified workers (employees), and 9196 people got secondary vocational education within the training programs for mid-career professionals.

To prepare highly skilled working staff for various branches of economy the resource centres of professional education are opened in Nizhny Novgorod, their activity consists in providing access to information, material and technical, scientific and methodical, teaching and laboratory resources in order to achieve the highest practical educational outcomes. Today resource centres carry out trainings of the high level qualified experts in machine-building, nuclear industry, electronics and other branches of economy.

Nizhny Novgorod is one of the biggest research centres in Russia. There are 107 scientific research institutes in the city.

Nizhny Novgorod is known worldwide as a centre of radio physics, electronics and radio engineering, combining specialized educational and research institutions and industrial enterprises. There are also High School of General and Applied Physics and Department of Radio Physics in Nizhny Novgorod State University named after N.I.Lobachevsky, the Institute

There are researches in plasma physics and SHF electronics, laser physics, nonlinear acoustics, hydrodynamics, radio astronomy, organometallic chemistry, preparation and analysis of high-purity chemicals. Studies on terrestrial electricity, solid nanostructures, high-temperature superconductors, microbiology, high-tech medicine and many others are carried out in Nizhny Novgorod.

Nizhny Novgorod is one of the centres of Russian information technology. This area is represented by such companies as Intel (the largest development centre in Europe), the competence and development centre SAP, Mail.ru, Yandex, Huawei, NetCracker, Orange Business Services, MERA Networks, MFI Soft (ALOE Systems), Teleca Russia and other smaller companies (Auriga, Exigen Services, Tecom, Devetel, Capvidia, Five9, Datanaut, NKT, SoftDrom etc.).

The unique scientific and technological base of enterprises and powerful educational system made Nizhny Novgorod one of innovative potential leaders.

In order to support business start-ups who implement innovative projects, Nizhny Novgorod Region Government established an innovation oriented business incubator «Clever» which successfully works in the city.
II. Economic potential

Economy

The economy of Nizhny Novgorod represents a diversified complex where basic and supporting branches are balanced. Such diversification provides stability of Nizhny Novgorod economy and a wide range of opportunities for its development.

First of all basic branches include manufacturing activities. In 2013 the volume of shipped goods and services of all the Nizhny Novgorod companies made up 723.3 billion rubbles. 35.8% of all shipping volume represented manufacturing activities, transport and communication - 23.8%, gas, water and electricity production and distribution - 8.5%, construction - 7.5% and wholesale and retail trade – 6.9%, other sectors – 17.5%.

Structure of the volume of shipped goods in 2013
For quite a long period of time Nizhny Novgorod economy is based on manufacturing activities. 45.2% of shipped goods is represented by vehicles and equipment production.

**Structure of the shipped products volume of Nizhny Novgorod manufacturing companies in 2013**
Industry

In the Russian market many Nizhny Novgorod enterprises are the largest and the only producers (suppliers) in the fields of their activity and serious players in the international market. Thus, Ltd. «MK «GAZ Group» is the leading producer of light commercial vehicles (about 50% of the Russian market in 2012) for small and medium business, medium trucks, components for automobile industry and various spheres of economy.

The plant produces light commercial vehicles «GAZelle Next» and «Sobol», medium trucks «Valday» and GAZ, off-road cars «Sadko» and «Vepr», and also auto components (PowerTrain systems, control systems, body elements, equipment, and details of forge production, iron and nonferrous casting).

Ltd. «Managing Company «GAZ Group» conducts continuous work on producing own advanced development. So, in 2014 the enterprise began production of light commercial vehicle of the new generation GAZon Next, which brought the company to Russian and foreign markets.

GAZ Group is cooperating with the leaders of the global automotive industry, like Volkswagen, General Motors and Daimler, in production of passenger cars Škoda Octavia, Škoda Yeti, Volkswagen Jetta, Chevrolet Aveo and commercial vehicles Mercedes-Benz Sprinter on the plant production facilities.

There were opened joint ventures with the European producers of auto components – companies Bosal and Bulten. Joint projects with leading international car producers allowed to renovate over 200 000 square meters of production facilities and logistic areas, and establish a new training center for training the employees in the best practices and standards used in the global automotive sector.

The Nizhny Novgorod aircraft plant «Sokol» is well known in the field of aircraft industry. The plant produces fighters «MiГ», multi-purpose combat-capable trainer aircraft of Air Forces and
light civil planes.

JSC «Hydromash» keeps leading positions in production of landing gears for planes (80% of all aircraft factories requirements) and helicopters (100% of all requirements) in Russia.

The company is involved in development and production of landing gears and hydraulic units for almost all new Russian aircrafts, including the fifth-generation fighter T-50, new passenger aircraft MC-21, multipurpose helicopter Ka-62. JSC «Hydromash» is integrated into world aircraft industry and cooperates with leading aviation producers from Germany, Italy and France. It delivers equipment for such planes as «Airbus», «Embraer», «Global Express», helicopter «Agusta». The plant is the only supplier of titanic blocks for a managing system of plane spoilers for «Airbus» A380 in Russia, it continues participation in perspective international projects - «Airbus» A350XWB and "Bombardier C-series".

About 85% of all planes of the Russian Federation and CIS countries are equipped with products of JSC «GZAS of A.S.Popov» (Gorky Plant of Equipment and Communications). The enterprise carries out production, maintenance, repair and modernization of aviation and land radio stations of MF and HF ranges, aviation modules of radio communication complexes, plane intercoms and speech notification equipment.

One of the largest Russian enterprises producing and developing ships is the plant «Krasnoe Sormovo», which specializes on construction of dry-cargo ships and tankers.

Nizhny Novgorod shipbuilding industry is also represented by hydrofoils, speedboats and hovercraft. This technology is developed and implemented in “The Central Constructional Bureau on Hydrofoils Named after Alekseev”.


JSC «Nizhpharm» is the third pharmaceutical enterprise in Russia, one of the leading medicine producers in CIS and Baltic countries. JSC «Nizhpharm» is a part of STADA CIS (Russian holding company forming a part of STADA Arzneimittel AG international group that united leading companies of domestic pharmaceutical market - JSC «Nizhpharm», LLC «MAKIZ-FARMA» and LLC «Hemofarm». JSC «Nizhpharm» is the modern complex situated on 11,5 thousand square metres in Nizhny Novgorod producing ointments, creams, suppositories, liniment, tablets.

Medicines are produced on modern high-technology equipment from high-quality raw materials on the basis of the latest technologies. In addition to development of generic medications specialists of this holding company together with the leading research-and-development centres of Russia and CIS countries are occupied with clinical trials and innovative medicinal products development in the most important therapeutic areas of medicine.


Consumer market

Nizhny Novgorod trade sector is characterized by positive dynamics and high rates of consumer market infrastructure development. In the city in the beginning of 2015 there were 3 255 permanent retail trade enterprises (total area – 1 295,4 thousand square metres), 11 retail markets (providing 2,6 thousand workplaces), 2 642 objects of a temporary retail trade.

There are changes in the sphere of trade. The share of small wholesale and small retail trade in the markets is decreasing, but the share of permanent distribution networks, specialized shops is growing. New trade companies with progressive selling forms are opened.

Now there are more than 80 large objects of trade facilities in the city, including:

- 7 shopping and entertainment mall with modern forms and methods of trade and a wide range of additional services (“Fantastika”, “Shokolad”, “Indigo life”, “Zolotaya Milya”,...
“Sedmoe Nebo”, “Rio”, “Riviera”. Their total area is more than 440.0 thousand square metres, trade area – 300.0 thousand square metres);
• more than 15 supermarkets. (“Karusel”, “Metro”, “Lenta”, “Aushan”, “OK”, “Supermarket NASH”, and also network of construction and finishing materials supermarkets (“OBI”, “Castorama” and “Maxidom”). Their trade area is over 150 thousand square metres;
• over 30 shopping centres, trade area is more than 127 thousand square metres (the largest of them: “Respublika”, “Etazhi”, “Novaya era”, “Lobachevskiy Plaza”, “Muravey”, “Ganza”, “Bum”, “Otkritui materik”, “Mebelniy bazaar”);
• over 290 supermarkets and 140 specialized food shops and 1780 other shops.

In the beginning of 2015 the total area of trade facilities was 1017.9 square metres per 1 000 inhabitants (the minimal norm is 704 square metres per 1 000 inhabitants according to the local legislation).

Among 15 million-plus cities Nizhny Novgorod occupies the 7th place according to the amount of trade centres.

**Total area of trade facilities in the largest Russian cities**
(square metres per 1000 inhabitants)
III. International Relations

Nizhny Novgorod City Administration pays special attention to development of international and foreign economic relations. The most important aspects are foreign investors’ attraction, assistance in establishment direct business contacts between Nizhny Novgorod and foreign enterprises, forming attractive image of Nizhny Novgorod abroad.

The City Administration pursues active policy of establishment sister-cities and partners relations with the cities from different countries. Nizhny Novgorod sister-cities are Essen (Germany), Jinan (China), Philadelphia (USA), Tampere (Finland), Kharkov (Ukraine), Minsk (Belarus), Suwon (South Korea), Linz (Austria), Novi Sad (Serbia), Sant Boi (Spain), Matanzas (Cuba), Gyor (Hungary). Every year together with its sister-cities and partner-cities Nizhny Novgorod holds a number of activities and participates in international forums, exhibitions, business missions, B2B meetings and negotiations with foreign partners. Within sister-cities relations there are realized a variety of interesting projects in all the spheres of life: culture and sports, youth and social policy, school and academic exchanges, innovative and scientific and technology cooperation.

Since 2012 the International Business Summit is annually held in Nizhny Novgorod. Its results show the growing interest of foreign partners in strengthening direct business contacts and implementation of joint, mutually beneficial projects. The Nizhny Novgorod Summit has already turned into a demanded discussion platform for constructive dialogues between the government and business community, become for all its participants a source of new ideas, a place for perspective negotiations and signing large contracts.
Special emphasis in development of Nizhny Novgorod international relations is made on creating attractive city image as a reliable partner with a great economic, scientific, educational and cultural potential. Nizhny Novgorod presentations are regularly held in foreign embassies in the Russian Federation as well as in the sister-cities and partner-cities. There was developed and regularly updated multimedia city presentation, multimedia catalogue “Nizhny Novgorod is your partner” and other informative materials. New versions of official city administration website are made in different languages. Currently Nizhny Novgorod is the only Russian city that has five language versions of official city administration website (Russian, English, German, Spanish and French).

Large industrial, scientific and research, educational Nizhny Novgorod potential, its favourable geographic position and investment climate, developed transport infrastructure and capacious consumer market contribute to increase the number of international companies that successfully work in the city and region.

Different national and cultural centres are opened in Nizhny Novgorod. They are Japanese, French, German, Czech, Spanish, American, Turkish and Serbian centres, Austrian and Italian libraries. Alliance Français and regional centre of the French language actively work in the city as well as the Society of Ingrian Finns and Korean national and cultural autonomy.

In Nizhny Novgorod there are presented the Honorary Consulates of the following countries: the Republic of Austria, Hungary, the Democratic People’s Republic of Korea, the Kingdom of Sweden, the Republic of Abkhazia, the Republic of Slovenia, and the French Republic. Besides there is a Department of the Embassy of the Republic of Belarus to the Russian Federation.

Nizhny Novgorod is an actively developing city, opened for expansion of international contacts in all the spheres. In the city there were created favourable conditions for investors. These results are proved by stable growth rate of investments in all the industrial sectors, finances and trade as well as by high ratings of international auditor agencies. Nizhny Novgorod City Administration is ready to welcome foreign partners that participate in existing projects and city development programs as well as investors willing to implement their own projects.

The policy pursued by Nizhny Novgorod City Administration in the field of foreign economy promotes attraction of foreign investments. During the period 2010-2013 the volume of foreign investments to the city economy has increased by 8.8 times. In 2013 the volume of foreign investments to the city economy made up 468 million USD. The largest share in total investments from abroad provided by the following countries: Germany (64.7%), Belarus (9.7%), Sweden (4.8%), Czech Republic (4.6%), Belgium (3.2%), Luxembourg (3.1%), Cyprus (2.9%), the Netherlands (2.9%) and France (1.1%).

The largest volume of foreign investments in 2013 was in manufacturing activities – 370.8 million USD (79.2%) including the following sectors: “chemistry” -26.9% or 277.2 million USD, “production of vehicles and equipment” – 8.0% or 32.3 million USD, “production of rubber and plastic goods” – 14.5% or 54.1 million USD. Besides there were foreign investments in the sphere of “wholesale and retail sale” – 50.4 million USD (10.8%), “transport and communications” – 25.7 million USD (5.5%), “real estate activities” – 5.9 million USD (1.3%).
Nizhny Novgorod companies actively carry out foreign economic activities. Their main export trade partners are the Netherlands, Ukraine, Denmark, Italy, Belgium, France, the USA and Germany. The main export goods are traditionally non-metal mineral products, engineering products, and also production of the chemical industry including petrochemical oil components used for caoutchouc and rubber compound production, emulsifiers, initiators of polymerization reactions and antioxidants, as well as varnishes, colours and resins.

The main imported trade partners of Nizhny Novgorod companies are Germany, China, France, Italy, Ukraine, the USA and Poland. The main imported goods are machine building products, chemistry, foodstuffs and raw materials as well as metals and metal goods.

It is necessary to say that Nizhny Novgorod possesses considerable potential in the field of training well-qualified specialists in the sphere of foreign relations.

Training of specialists in the sphere of the international relations is carried out by Nizhny Novgorod State University named after N.I.Lobachevsky, Nizhny Novgorod State Linguistic University named after N.A.Dobrolubov, Nizhny Novgorod branch of “National research university “Higher School of Economics”. These higher professional educational institutions are leading scientific and educational centres in the field of theoretical and applied researches of international relations, peace problems and conflict arrangements, complex study of regional aspects of political process in the Middle East, North America and Europe, as well as in the theory of political sciences and applied politology, public relations technologies, promotion activities and international tourism.

IV. Tourist potential

Nizhny Novgorod possesses high tourist potential: rich history and unique sights, beneficial location and extensive transport infrastructure, the status of the capital city of the Volga federal district, various museums and developed system of cultural leisure, possibility of holding international congress events.
744 cultural heritage objects are located on the territory of the city, 92 objects among them have federal status and 652 are of regional significance. Nizhny Novgorod tour operators offer more than 80 main tourist routes.

The Nizhny Novgorod hotel business structure consists of 69 hotels with a capacity of more than 4,122 rooms. The largest hotels of the city are "Volna" - 4 *, "Oka" - 4 *, "Alexandrovsky Garden Hotel" - 4 *, "Marins Park Hotel" - 3 *, "AZIMUT" - 3 *, "Ibis" - 3 *, etc.

In preparation for matches of the FIFA World Cup that will be held in Nizhny Novgorod in 2018 it is planned to increase hotel room capacity on more than 2000 rooms, including through the implementation of 14 investment projects on construction of hotels.

In Nizhny Novgorod exists more than 1,500 objects of public catering. The zone of tourist routes includes about 200 of them.

The majority of the tourists’ objects is presented by the restaurants group of companies «PIR», «Edok», «Shokoladnitsa» and other. Foreign citizens often attend restaurants "Vitalich", "Kupechesky", "Pyatkin", "Monet", "Chaika" etc.
In 2013 the tourist and excursion stream to Nizhny Novgorod was 399,8 thousand people, in 2014 – more 422,9 thousand people (in comparison with 2013 the growth is more than 5,5%). In 2015, further growth in the flow of tourist to Nizhny Novgorod is expected.

Formation of competitive tourist industry in the city of Nizhny Novgorod, the increase of tourist flow and the development of tourism as a potentially promising sector of the economy of the city take place due to ongoing system work of the administration of the city of Nizhny Novgorod. For example, in 2012-2014, the development of tourism was carried out in the framework of the municipal program "Development of tourism in the city of Nizhny Novgorod for 2012-2016" (approved by the Resolution of the Administration of Nizhny Novgorod from 08.06.2012 № 2290).

Resolution of the Administration of Nizhny Novgorod from 15.08.2014 № 3230 approved the municipal program "Development of the economy of the city of Nizhny Novgorod for 2015-2019", including the subprogram "Development of tourism in the city of Nizhny Novgorod" (in 2015-2019).

The specialized municipal budgetary institution "Department of Tourism of the city of Nizhny Novgorod" was formed aimed to develop tourism on the territory of the city. In 2014 in order to improve qualification of Nizhny Novgorod tour guides a training centre "Enlightenment" was opened on the basis of the tour desk "Neat Nizhny Novgorod" with the active participation of municipal budgetary institution "Department of Tourism of the city of Nizhny Novgorod".

In order to promote the city tourist potential on the national and international levels in 2014 Nizhny Novgorod was presented at 5 international tourist exhibitions: FITUR (Madrid, Spain), ITB (Berlin, Germany), CITM (Shanghai, China), MITT and ITM (Moscow).
The tourism potential of the city of Nizhny Novgorod is presented on the International Business Summit, which is traditionally held in Nizhny Novgorod every autumn. As a result of participation in the III International Business Summit (2014), major Russian and international tour operators UTS Travel, Big Travel, Pan Tours, Coral Trave have expressed interest in cooperation with Nizhny Novgorod in the tourism sector.

In addition, Nizhny Novgorod was previously included in the program of Russian tours of large tour operators in Europe: «TUI Travel» (German and Spanish offices), "Troika" (France), «IberiaRussia».

Department of Tourism of the city of Nizhny Novgorod participated in three regional tourism events: in exhibition "Resorts. Hiking. Rest" and conferences "Regional tourism and cultural heritage" and "Development of domestic tourism in the Nizhny Novgorod region". Department of Tourism also held regular meetings with the heads of the tourism industry of the city of Nizhny Novgorod discussing questions of the development of tourism.

The concept of tourist navigation is developed aimed to increase the tourist attraction of the city of Nizhny Novgorod. Free parking for tourist vehicles are organized on pl.Minina, pl.Markina, pl.Revolutsii, embankment Nizhnevolzhskaya, ul.Zalomova.

International conferences and seminars hosts in Nizhny Novgorod to discuss the development of tourism and draw attention to the tourism sector.

In order to develop event tourism and promote Nizhny Novgorod as the capital of folk art, festival of folk arts and crafts "Secrets of the Craftsmen" is organised every year. In 2014, the festival gained international status. The festival was attended by more than 530 masters of folk crafts and decorative arts of the Nizhny Novgorod region and other regions of the Russian Federation as well as from foreign countries (Hungary, China, Belarus, Kazakhstan, Turkmenistan). The geography of the festival is expanding every year.
V. Investment activity

Investments

Nizhny Novgorod has high investment potential. The beneficial geographical position, developed diversified economy, highly qualified staff and intellectual potential attract investors from all over the world to Nizhny Novgorod.

For more than five years Nizhny Novgorod has been given a long-term credit rating «BB» by the credit ratings agency Standard & Poor's, as well as a rating on a national scale - «ruAA». The forecast of ratings is estimated as stable.

Experts of Standard & Poor's note that Nizhny Novgorod shows moderate level of municipal debt and rather rapid growth of economy, the credit rating is at high level.

Thanks to Nizhny Novgorod competitive advantages and city investment policy the increase of investment volumes into Nizhny Novgorod economy is observed. From 2010 to 2014 the volume of investments into fixed capital of large and medium organizations of the city's economy has grown by 1.7 times.

The investments volume into fixed assets of large and medium Nizhny Novgorod enterprises for the period 2010-2014 (billion roubles)

Following the results of 2014 the investments volume into fixed capital of large and medium Nizhny Novgorod enterprises amounted to 76 billion roubles. The largest share of the investments volume is represented by such kinds of activities as: “manufacturing activities” – 16.2 billion roubles, “transport and communication” – 16.9 billion roubles, “real estate activities, rent and services” – 18.1 billion roubles, “production and distribution of the electric power, gas and water” - 8 billion roubles.

In 2014 the investments volume into fixed capital of large and medium industrial enterprises amounted to 24.2 billion roubles. Ones of the largest investment projects are: “Construction of the plant on production of aerospace defence means” - branch №1 JSC “Concern Air Defence “Almaz-Antei”; “Production of light commercial and passenger cars of such kinds as GAZel NEXT, Mercedes TIN, Volkswagen” - LTD ‘MC GAZ Group”; “Reconstruction and technical re-equipment of production” - JSC “Federal research and production centre “Nizhny Novgorod research institute of radio engineering”, JSC “Nizhny
Novgorod aircraft plant “Sokol”, JSC “Afrikantov Experimental Design Bureau for Mechanical Engineering” and JSC “Central research institute “Burevestnik”.

Structure of investments into fixed capital of large and medium Nizhny Novgorod enterprises in 2014

In recent years there is observed the tendency to increase the share of organizations own means in the structure of investments financing resources into fixed capital. Positive tendencies of investment process in the city are the increase of private investments share, high share of direct investments aimed at updating of the fixed business assets, considerable diversification of investments sources structure, growth of foreign investments.

Structure of the financial resources investing into fixed capital in 2014

- Bank loans: 14.4%
- Borrowed funds: 3.5%
- Budgetary resources: 44.5%
- Resources of off-budget funds: 0.4%
- Resources of organizations and people attracted to the shared construction: 12.9%
- Foreign investment: 0.8%
- Other resources: 23.4%
Construction, especially economy class housing building (demand for apartments of this segment is steadily high) is the most attractive branches for investments. The sphere of wholesale and retail trade continues to remain investment attractive, as well as the sphere of public catering, that is explained by the extensive consumer market, fast payback of invested funds and stable consumer demand.

Taking into account automobile cluster development in Nizhny Novgorod the creation of new productions in mechanical engineering sphere becomes especially actual for the investors.

The transport and logistics, as well as hi-tech information technologies spheres and telecommunications possess high potential of growth.

Considering beneficial geographical location at the crossroads of important international aviation, railway, motor and water routes, Nizhny Novgorod offers an enormous resource for transport and logistics hub development and creation of the large distribution centers in the Volga region and Central part of Russia.

High-tech industries are traditionally the most perspective for investments because they have high value added. Especially it applies to intellectual activities on development and adaptation of specialized software solutions for various business sectors. In Nizhny Novgorod large companies - integrators of the Russian and regional levels work. They are SONET, Aprel-Soft, ALTEKS, Tehnoservis and others. Such companies as Intel, Mail.ru, Orange Business Services, Krok, MERA Networks, MFI Soft (ALOE Systems), Teleca Russia opened their successfully working branches in the city. At the end of 2013 the largest Russian Internet Company – Yandex also opened its representation in Nizhny Novgorod. The Nizhny Novgorod office was not opened incidentally. There are large centers of programmers training in Nizhny Novgorod State university named after N.I. Lobachevsky and Nizhny Novgorod State Technical university named after R.E. Alekseev in the capital of the Volga region. Almost all the staff of the new office graduates from these higher education institutions. Total number of the professionals employed in Nizhny Novgorod IT-field is more than 20 000 people.
Legal regulation of investment activities

The regional investment legislation recognized by the experts of agency «Expert RA» as one of the most effective in Russia is implemented in Nizhny Novgorod. The complex of normative legal acts aimed at investment activity development allows investors to use considerable resources and economic capacity of Nizhny Novgorod. The acts are successfully put into practice thanks to the debugged mechanism of its execution. Investment projects are considered by the Investment Council at the Governor of the Nizhny Novgorod Region, working group of the Investment Council, commission on investment policy and land resources in Nizhny Novgorod. The Investment Council is the advisory body providing interaction of the Nizhny Novgorod Region executive authorities, territorial administrations of the federal authorities, local governments with organizations (irrespective of their organizational and legal forms), making decisions on expediency of investment projects realization and possible state supporting measures.

Legislative basis of the investment activity is:
- law of the Nizhny Novgorod Region No. 180-Z of 31.12.2004 “Concerning the state support of investment activity in the Nizhny Novgorod Region”;
- law of the Nizhny Novgorod Region № 4-Z of 26.02.2006 “Concerning the state support of innovative activity in the Nizhny Novgorod Region”;
- law of the Nizhny Novgorod Region № 40-Z of 11.03.2010 “Concerning participation of the Nizhny Novgorod Region in state-private partnership”;
- regulation of the Nizhny Novgorod Region government № 56 of 26.02.2006 “Concerning the order and conditions of granting priority status to investment projects, signing investment agreements and control of a course of their realization”;
- law of the Nizhny Novgorod Region № 108-Z of 06.04.2006 “Concerning the state support to innovative activity subjects realizing priority innovative projects in the Nizhny Novgorod Region, and to the light industry enterprises”;
- regulation of Nizhny Novgorod City Administration №3043 of 04.08.2014 “Concerning the statute adoption of the commission on investment policy and land resources in Nizhny Novgorod and abrogation of the regulation of the Head of Nizhny Novgorod City Administration №74 of 23.08.1994”;
- regulation of Nizhny Novgorod City Administration № 83 of 14.07.1999 (edition of 19.09.2013) “Concerning the registration order of investment contracts on carrying out reconstruction, capital repairs of municipal buildings and construction of the objects which haven't been finished in Nizhny Novgorod”.

According to the Nizhny Novgorod Region Government regulation № 56 of 26.02.2006 “Concerning the order and conditions of granting priority status to investment projects, signing investment agreements and control of a course of their realization” investment projects which are realized in the territory of the Nizhny Novgorod city, can get the status of the Nizhny Novgorod Region priority investment project with the subsequent rendering financial and non-financial supporting measures.

The main criterion for assignment of the status priority investment project is existence of positive effect from its realization which is estimated on such components as:
- economic efficiency;
- budgetary efficiency (the sum of taxes planned to pay);
- social efficiency (workplaces creation, improvement of working conditions and structure
of the production personnel, level of the population health, housing and living conditions, population supply with separate types of goods etc.).

The decision on assignment the priority status to the project is made by the Investment Council at the Nizhny Novgorod Region Governor.

Conditions of competitive selection on the right of receiving the priority status investment project of the Nizhny Novgorod Region it can be found in the Internet: [http://government-nnov.ru/?id=17848](http://government-nnov.ru/?id=17848).

Besides, enterprises and other subjects planning to realize and realizing investment projects in Nizhny Novgorod can get various measures of state support: financial and non-financial.

Financial measures of support:
- tax privileges (privileges on a profit tax and property tax);
- privilege on a land plots rent;
- partial compensation of an interest rate for the loans attracted for investment project implementation;
- state guarantees;
- grants on development of business, scientific and creative activity;
- budgetary investments;

Non-financial (organizational) measures of support:
- rendering assistance on inclusion in federal, regional and municipal programs of socially significant and most effective investment projects;
- organization of seminars, conferences, fairs of investment projects;
- consultations and methodical assistance;
- creation of a wide information field and distribution of positive information about investors.

The state supporting measures can be found in the Internet: [http://minec.government-nnov.ru/?id=1115](http://minec.government-nnov.ru/?id=1115). Application form with the list of attached documents is posted on the official website of the Nizhny Novgorod Region Government (address in the Internet: [http://www.government-nnov.ru/?id=15329](http://www.government-nnov.ru/?id=15329)).

If implementation of the investment project is planned on the land plot which is in municipal property, according to regulation of Nizhny Novgorod City Administration №3043 of 04.08.2014 “Concerning the statue adoption of the commission on investment policy and land resources in Nizhny Novgorod and abrogation of the regulation of the Head of Nizhny Novgorod City Administration №74 of 23.08.1994” the authorized body responsible for making decisions about possible granting land plots in the territory of the Nizhny Novgorod city is the commission on investment policy and the land resources in Nizhny Novgorod.

For the commission on investment policy and the land resources in Nizhny Novgorod it is necessary to prepare and send an application form to Nizhny Novgorod City Administration (Kremlin, build. 5, office 415) on visiting days (Monday and Friday, from 09.00 till 12.00). The application form with the list of attached documents is presented in the section "For investors" in the Internet: [http://нижнийновгород.рф/gorod/biznes/investoram](http://нижнийновгород.рф/gorod/biznes/investoram).
# Large investment projects which are realized in Nizhny Novgorod

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VI. Offers to investors

Projects for co-investment

1) **Project name: “Construction of Steam Thermal Power Plant”**
   
   **Initiator of the project:** JSC “Verhne-Volzhskaya generation company” (JSC VVGK).

   **Project Aim:** Construction of steam thermal power plant (CCCP TPP) with electric power of 900 MW and thermal power of 840 MMkcal/hr in Nizhny Novgorod. The project is implemented within realization of priority national projects in the Nizhny Novgorod Region for meeting growing local demand for energy resources.

   **Term of the project implementation:** 2013-2020.

   **Volume of investments according to the project:** 51 400 million roubles.

   **Offer to an investor:** The initiator of the project is ready to consider possibility of receiving directs investments and is interested in cooperation in the form of share participation ranging up to 50%.

2) **Project name: “Construction of residential estate “MANHATTEN PARK”**

   **Initiator of the project:** LTD “RAO Invest”.

   **Project Aim:** construction of residential estate “MANHATTEN”. The total area of the designed territory is 27,27 Hectares. The size of the territory to be improved is about 16 Hectares. The total area of accommodation to be built is more than 250 000 m³. Amount of apartments is approximately 3 800. Amount of inhabitants is about 10 000 people. Amount of parking places according to the norms is about 3 500.

   **Terms of the project implementation:** 2012 – 2019

   **Volume of investments:** 10 000 million roubles.
Offer to an investor: The initiator of the project is ready to consider possibility of receiving direct investments and is interested in cooperation in the form of share participation. Necessary volume of investments: 4 000 million roubles.
Selling of the land plots aimed for construction or getting loans in the form of project financing are possible.
Besides, the initiator of the project is ready to consider other options of cooperation.

3) Project name: “Construction of shopping and entertainment complex”
Initiator of the project: Group of companies «Oktyabr»
Project aim: Construction of shopping and entertainment complex with the total area 125 000 m² at the crossing of the Moscow highway and passage Burnakovskiy in Nizhny Novgorod.
The concept of the project assumes creation of:
- food hypermarket;
- hypermarket of construction materials;
- showroom;
- hypermarket of sports goods;
- electronics hypermarket;
- furniture hypermarket;
- supermarket of children's goods;
- trade gallery;
- food court.
Volume of investments: up to 7 000 million roubles.
Offer to an investor: The initiator of the project is ready to consider possibility of receiving direct investments or credit in the form of project financing and is interested in cooperation in the form of share participation.
Sale of the land plots aimed for construction is also possible.

4) Project name: “Reconstruction of the hotel “Volzhskiy otkos”
Initiator of the project: Ltd «Service Hotel»
Project Aim: Reconstruction of hotel infrastructure and creation of complex with total area of 31 325 m² including:
- hotel: 180 rooms; 8 292 m²;
- residential luxury houses of club type: 70 apartments; 9 797 m²;
- commercial areas (offices and cafe): 1 793 m²;
- underground parking: 207 places for cars; 8 864 m²;
- service and technical premises: 2 579 m².
Terms of the project implementation: 2012-2019.
Volume of investment according to the project: 1500 million roubles.
Offer to an investor: The initiator of the project is ready to consider the possibility of selling the project with the land plot and hotel. Estimated cost is 620 million roubles.
5) Project name: “Production of automobile speciality vehicles”
Initiator of the project: “Priokskiy Machine Factory” Ltd.

Project Aim: Production of universal automobile modular systems intended for fast removal and replacement of various mechanisms (tanks, vans, various special equipment), adapted for installation of trucks to the chassis.

Volume of investment according to the project: 1296,0 million roubles.
Offer to an investor: The initiator of the project is ready to consider various forms of investors’ participation in the project (share participation, credits in the form of project financing).

6) Project name: “Construction of museum and tourist complex “Craftsmen’ city “Pecherskaya Sloboda”
Initiator of the project: Nizhny Novgorod city Administration

Project Aim: construction of unique museum and tourist complex “Craftsmen’ city “Pecherskaya Sloboda”. It is planned to build the complex in a picturesque place on the bank of the Volga River close to Pechersky Ascension Monastery. The complex will represent log constructions made in Russian wooden architecture style. The main collections will be underground. There will be a museum of crafts history, workshops of handicraft industry and forgings, a mint and an amphitheater, traditional folk medicine pharmacy, production gallery, shopping street, souvenir shops and cafes with Russian cuisine on the 2 hectares territory. Everything that is necessary for informative and fascinating leisure of Nizhny Novgorod citizens and guests.
Volume of investment according to the project: 800 million roubles.
Offer to an investor: project documentations are being developed. The initiator is looking for an investor. Necessary volume of investments: 800 million roubles. The conditions of the investor’s participation are to be discussed.

7) Project name: “Construction of cement milling shop”
Initiator of the project: «Volzhskiy terminal» CJSC
Project Aim: Construction of cement milling shop with a capacity of 250 000 tons per year on the basis of the existing cement terminal. It is planned to build the cement milling shop, proportioning premises, cement clinker warehouse, engineering infrastructure, as well as to acquire 1 hectare of the land.

Volume of investments: 400 million roubles.
Offer to an investor: The initiator of the project is ready to consider the possibility of receiving direct investments of 160 million roubles with further cooperation in the form of share participation in closed joint stock company: 60% - the initiator of the project; 40% - the partner-investor.

8) Project name: Organization of highly profitable coproduction
Initiator of the project: «Zavod Trud» CJSC

Project Aim: Creation of highly profitable manufacture of marketable production by opening a joint venture in a perspective industry using free spaces of one of the oldest Nizhny
Novgorod enterprises –«Zavod «Trud» CJSC which is the Russian leader of metal accessories production.

- **Terms of the project implementation:** 2015-2017
- **Volume of investment:** to be discussed
- **Offer to an investor:** Implementation of the investment project on coproduction creation. Conditions of participation are discussed.

*Project financing is financing of investment projects when the source of debts service is cash flows which will be generated by the project.*
Department of Economics, Investments and Entrepreneurship
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