



Правительство
Москвы

MOSCOW INVESTMENT DIGEST

July 2016



Dear Colleagues,

The Department of Economic Policy and Development of Moscow and the Moscow City Investment Agency are pleased to present you the [fourth issue of our Digest](#) of key investment activities in Moscow.

Moscow tops the world's fastest growing metropolitan areas

Moscow [took the top position in PwC's latest global ranking](#), ahead of Mexico City, São Paulo, Mumbai, Istanbul, Beijing, and Jakarta.

Russia's capital took first place in five of the 10 indicators used in the PwC analysis. These five indicators, which are critical for any modern urban centre, are Intellectual Capital and Innovation, Technology Readiness, Transport and Infrastructure, Sustainability and the Natural Environment and Demographics and Livability. Moscow also performed solidly in the City Gateway, Health, Safety and Security, Economic Clout and Ease of Doing Business categories.



Offset Agreements: New Stimuli for Localising Manufacturing

In late June 2016, in order to support creation and modernisation of enterprises and also in order to ensure import substitution and manufacturing localisation, a [Federal Act](#) was adopted on introducing changes into procurement contracting.

The Act allows constituent entities of the Russian Federation to conclude long-term government contracts (offset agreements) on the condition that an enterprise on its territory is created or modernised. Contracts will guarantee purchase of the products manufactured by the supplier-investor.

Maxim Reshetnikov, a Moscow City Government Minister, Head of the Department

of Economic Policy and Development, says that offset agreements guarantee long-term investment into economy, since they secure demand on the part of the government and obligations to invest on the part of the business.

Currently, the Moscow City Government, jointly with the Ministry of Economic Development of the Russian Federation, is finalizing the city's legal framework for starting up, as soon as possible, the mechanism for stimulating investments and for localising state-of-the-art manufacturing enterprises in Moscow.

Moscow plans to use offset agreements primarily for procuring pharmaceuticals, equipment, etc.

Support Measures for New Investment Programmes



Among the Moscow City Government's priorities is to encourage launch of new industrial projects, create favourable conditions for import substitution and make investing in public-private partnerships more appealing.

In addition to measures supporting existing and innovative companies, in August 2016, the Moscow City Government plans to introduce measures to support new investment projects.

Investors who start manufacturing in Moscow may receive tax and land lease incentives already at their investment projects' implementation stage. Moreover, the support mechanism provides a Moscow City Government guarantee against non-commercial risks and aid in connecting to the power grid. The incentives cover investment projects for creating industrial complexes, technoparks, industrial parks, concession projects and public-private partnerships. Investors undertake to achieve certain economic indicators.

Tax reductions may be up to 25%. In particular, profit tax payments into the Moscow budget will be reduced by 25%, property tax by 100% and land tax and land lease payments by 99.3%.

More information on eligibility criteria [for support measures for new enterprises](#) and the

preliminary list of requirements is available on the Investment Portal of Moscow.

Moscow in Figures: Macroeconomic Trends

Moscow's construction industry demonstrates positive dynamics

Moscow's construction industry is on the rebound. The sector's positive development dynamics are confirmed by the number of construction permits issued. Increased power consumption by Moscow constructors in the first half of 2016 also demonstrates the revitalisation of the biggest investment sector of Moscow's economy.



In January–June 2016, the number of construction permits issued grew by 5.5%. Over the same period, the overall amount of construction in Moscow grew by 5.8%. In addition, over the first six months of 2016, energy consumption by construction companies grew by 12.3% compared to January–June of last year.

The number of new individual entrepreneurs grew by 21% over January–June

In January–June 2016, 25.5 thousand independent entrepreneurs were registered in Moscow. This is a growth of 21.1% over the same period last year. The number of independent entrepreneurs grew by 10.5 thousand.

The experts link the growing number of those wishing to try themselves in business to the introduction and development of the patent taxation system, which is advantageous for the self-employed. In particular, in 2015, the cost of patents was reduced for some types of business and a tax holiday was introduced for first-time registered independent entrepreneurs using the simplified or patent taxation systems. On 1st of January 2016, Moscow introduced additional measures to encourage independent enterprise: new types of businesses are now covered by the patent system, the patents have been differentiated and their costs adjusted.

Owing to these and other instruments for supporting small business, Moscow retains its commanding lead in Russia in the number of newly-registered independent entrepreneurs.

Moscow presents investment opportunities at the Moscow Urban Forum

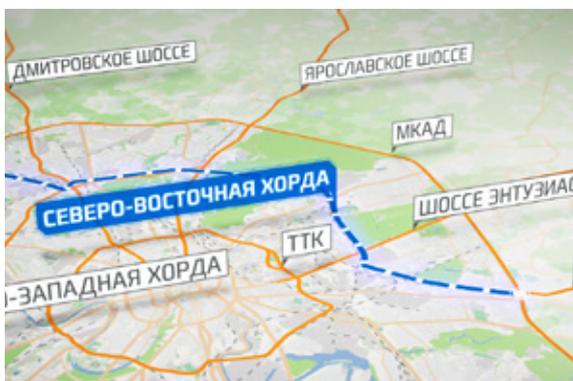


The Moscow City Government supported [6th Moscow Urban Forum](#), an annual international conference on architecture, economy and strategic urban planning, took place between 30th of June and 3rd of July.

The event saw presentations of large-scale urban development projects, [Moscow's investment potential](#), the capabilities of Moscow's innovation infrastructure, new initiatives for supporting efficient real-sector companies and privately funded public investment projects being implemented in Russia's capital city. Among projects, there is a construction of the Northern Bypass for Kutuzovsky Avenue and the North-Eastern Chord.



The Northern Bypass for Kutuzovsky Avenue is a concession-based project envisaging construction of an 11-kilometre, high-speed toll road funded by a private investor to the tune of 40 bn RUB.



The North-Eastern Chord is a new 2016 initiative calling for at least 50 bn RUB in private investment in developing the transport infrastructure in North-Eastern Moscow.

Investors take a look at Stolichniye Apteki, a major pharmacy chain

Investors now have an opportunity to acquire a [100% equity stake](#) in JSC Stolichniye Apteki.

The starting price of the stake offered for sale is 5.6 bn RUB.

The company's real estate assets consist of 185 properties, including 180 pharmacies and five warehouses.

Bids will be accepted through 23rd of August and the auction is scheduled for 26th of August 2016.



The Moscow Investment Portal offers information on around 3,000 land lots and buildings offered for sale. For a full list of the properties, visit the [Auctions](#) section.

We look forward to working with you.

Sincerely,



Department of Economic Policy
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The Digest archive for [2016](#) is available on the Moscow Investment Portal.

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