

Economic Potential of Novosibirsk Region

For the reference of foreign companies and associations of entrepreneurs



Novosibirsk 2013

Table of contents:

| | | |
|----------|---|-------------|
| 1 | General information | 3-4 |
| 2 | Economics of the region | 5-7 |
| 3 | Science and innovations | 8-10 |
| 4 | Foreign economic relations | 11 |
| 5 | Investment climate | 12 |
| 6 | Competitive capacity of the region | 13 |
| 7 | List of references | 15 |

General information

Novosibirsk Region established on the 28th of September 1937 belongs to the Siberian Federal District.

The administrative center of Novosibirsk Region is Novosibirsk.

Area of Novosibirsk Region is 177.8 square km.

It is located in the south-east of the West Siberian Plain between the Ob and the Irtysh rivers.

The region borders Kazakhstan, Altai Territory, Kemerovo Region, Omsk Region and Tomsk Region. The main river of Novosibirsk Region is the Ob.

Novosibirsk Region consists of 5 urban districts, 30 municipalities and 455 municipal settlements (26 urban and 429 rural). As of 01.01.2013 according to the Novosibirskstat, population of Novosibirsk Region is 2 709 836 people, among them 2 110 240 are urban. The largest cities are: Novosibirsk, Berdsk, Iskitim, Kuibyshev.



Regional authority



The state power in Novosibirsk Region is exercised on the basis of its division into legislative, executive and judicial powers. The highest executive body of the region is the Government of Novosibirsk Region. Since September 2010 it is headed by the governor Vasily Yurchenko. The legislative body of the region is the Legislative Assembly of Novosibirsk Region. The Chairman of the Legislative Assembly is Ivan Moroz.

The Regional authorities responsible for business and innovative development in Novosibirsk Region are the Ministry for Education, Science and Innovation Policies of Novosibirsk Region and the Ministry of Industry, Trade and Entrepreneurship Development of Novosibirsk Region.



Economics of the region



One of the competitive advantages of Novosibirsk Region is high level diversification of economy that combines transport and communication, construction and agriculture, trade and strong industrial sector focused on both B2B market and a final consumer.

Economic growth in the region is promoted by creating a favorable business environment, encouraging business activity, developing social, transport and engineering infrastructures. In 2002 the region was managed to entice new investors, succeeded increase of capital investment. In particular it was attracted 162 billion rubles for the economic and social development of Novosibirsk Region. The volume of the Gross Regional Product amounts to 690 billion rubles as of 2012 (in 2011 – 558 billion rubles).

The prospects of economic development in Novosibirsk Region are tied with a transport and logistics infrastructure, production of science-intensive and high technology products in all sectors of industry, adoption of high-efficiency technologies in agricultural sector, educational system and scientific complex.



Industry



The industrial production of Novosibirsk Region holds a position as one of the principal components of the region's economy. The weight of industrial production in the structure of the Gross Regional Product of Novosibirsk Region amounts to 23.6%. Industrial enterprises provide more than 25% of all tax revenues of Novosibirsk Region to the consolidated budget of the Russian Federation. Industrial Production Index in 2012 showed 109.1% up from a level of 2011 which exceeded average Russian index (102.6%).

Manufacturing industries are dominating in the structure of industrial production. Key industry in Novosibirsk Region is metal-fabricating (electrical machinery, avia and instrument engineering, manufacturing of machine tools, equipment and agricultural machinery). Food-processing, chemical, construction materials industries are well developed.

Region's enterprises are actively operating on the advance technology market. The following are produced in Novosibirsk Region:

- 75% of all produced in Russia medical diagnostic aids;
- 60% of Russian medical X-ray units;
- up to 90% of hosting virtualization software;
- up to 90% of Russian liquid chromatographers.



Agricultural sector

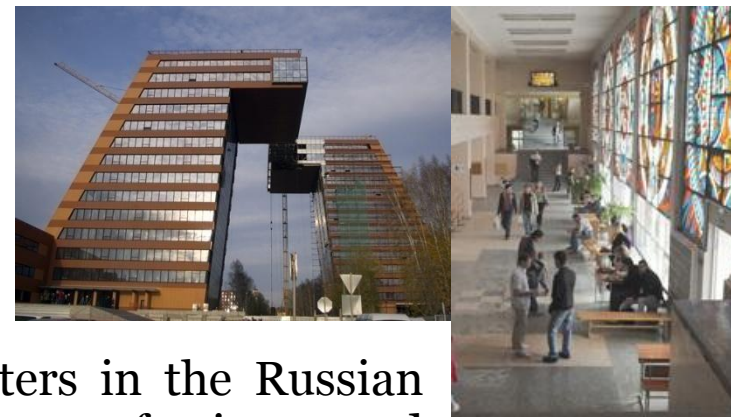


Novosibirsk region is among Russia's top ten agricultural producers. The agricultural sector specializes in grain, potato, vegetable farming. Meat and dairy livestock farming, poultry production, bee-keeping are well-developed segments of the region's agricultural sector. The region produces enough feed grain and seed grain to meet all its needs. The production of flax plays an important role owing to the relative high yield, size of the crop area and developed processing facilities.

The production facilities of agricultural sector enterprises allow not only satisfy the region's needs but also sell outside 32% of milk and dairy products, 48% of eggs and poultry meat, 58% of pork.



Scientific potential and innovations



Novosibirsk Region is one of the biggest scientific centers in the Russian Federation that has been holding leading positions in the area of science and technologies for more than 50 years. There are 43 research and development centers and institutions of the Siberian branch of Russian Academy of Science, Academy of Medical Science and Academy of Agricultural Science in the region. 22 institutions of higher education and 54 secondary specialized educational institutions located in Novosibirsk offer educational and training services in different fields.

New stimulating devices of regional innovative activity being implemented since 2011 in Novosibirsk Region:

- subsidy for reimbursement of a part of expenses related to provision of services to innovative entities, business incubators and managing companies of technoparks;
- subsidy for preparation, transfer and commercialization of technologies, including production of a pilot batch, its certification, modernization of production and other measures to innovative entities;
- subsidy for the training of specialists in the field of innovative activity by educational institutions.

Scientific potential and innovations



There is State autonomous institution of Novosibirsk Region “Novosibirsk Regional Fund for Support of Science and Innovative Activity” which servicing institutes and innovative companies in preparation of the projects intended for potential investors.

The institutional special-purpose program “Development of Innovative System of Novosibirsk Region in 2013-2015” is being implemented. Every year in Novosibirsk take place Siberian Venture Fair – main venue for gathering technology development engineers, entrepreneurs of innovative business and investors. Annual international innovative forum “Interra” attracts experts to discuss the issues of the innovative development of the region and entrepreneurship. It is one of the most significant events that enhance prestige of the region.

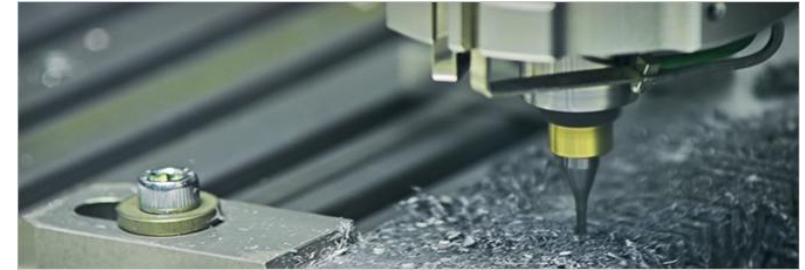
It is carried out work in the region to establish the Center for Education, Research and Development on the basis of interaction between research and development and educational institutions and infrastructure centers of innovative activity.

Four clusters – instrument-engineering, IT, biotechnologies and biomedicine, nanotechnologies and advanced materials have been created in the region as part of federal and regional programs, technoparks and business incubators host companies.

Интепра

Novosibirsk instrument-engineering cluster

Novosibirsk instrument-engineering cluster is one of successful examples of regional entrepreneurship development. Since 2012 the cluster has been actively developing and at this moment it is a non-profit partnership “Security and Equipment of Resource-Extraction Technologies” (SPC «Bort»). The cluster is comprised of 18 leading science, manufacturing and educational entities of Novosibirsk. It is scientific and production association able to solve wide circle of science and industrial issues. The first most significant issue for the cluster is development and serial production of the state-of-the-art full-featured integrated system of security and coal mine process control on the basis of GORNASS system generated by Novosibirsk scientists and tested at Kuzbass coal mines.

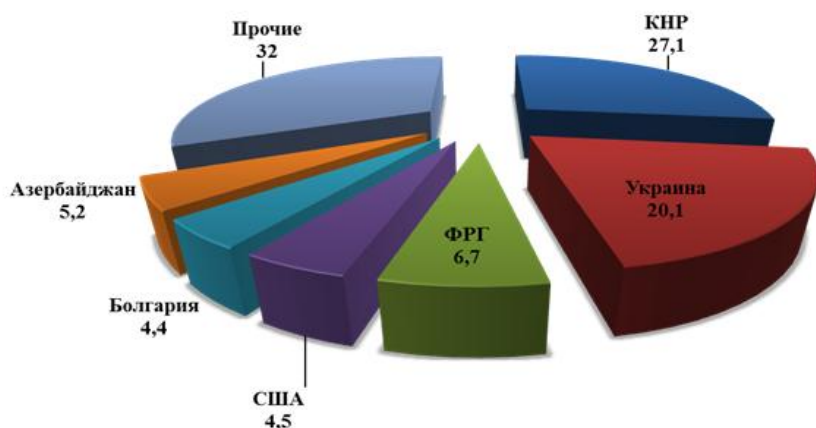


Foreign economic relations

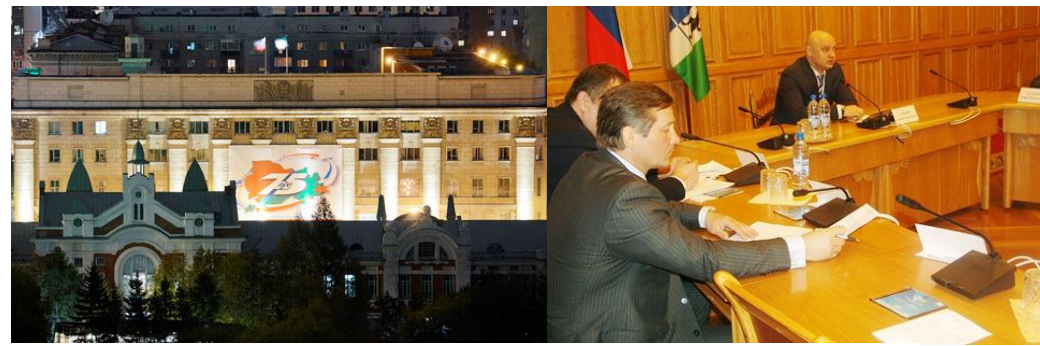


Foreign trade operations in 2012 were conducted with partners from 111 countries far and near abroad. As compared with 2011 the total foreign trade turnover of Novosibirsk Region in 2012 grew by 33% and amounted to near 3.6 billion US dollars. More than 1.5 thousand companies engaged in foreign trade registered in Novosibirsk Region effected export and import operations. According to the data from the Siberian Customs Directorate more than 80% of all export and import operations were conducted with partners of far abroad countries. Among the top ten partners of the region in terms of the volume of foreign trade turnover are: China, Ukraine, Germany, USA, the Republic of Korea, France, Japan, Bulgaria, Great Britain, Italy.

Foreign trade turnover with the major foreign trade partners of the Novosibirsk Region (% of the total)



Investment climate



The inflow of foreign investments to the economy of Novosibirsk Region has increased and in 2012 amounted to 771.5 million US dollars (144.7% over the level of 2011).

59 countries invested in the Novosibirsk Region economy. The major investors are Cyprus (23.5%), the United Kingdom (22.2%), Germany (8.1%), Switzerland (6%), Kazakhstan and Tadjikistan (4.6% each).

The most attractive spheres for investments were transport and communication — 39.2%, wholesale and retail trade — 26.8%, manufacturing activity — 10.9%. Hand-in-hand with the increase of attracted investment it was noted a positive shift in their structure. By a factor of 1.9 grew direct foreign investments (220.7 million US dollars) which are the most effective for economic development (its share in the total volume increased from 14.3% in 2011 to 28.7 in 2012).

Foreign direct investments are typical for the companies of retail trade, finance, health care and social services. The share of portfolio investments is very low – less than 1%. The major part of resources from abroad (70.7%) comes as other investments intended for maintaining of certain level of working capital.

Competitive capacity of the region



The effectiveness of the investment and economic policy conducted in the region has been confirmed by the ratings of international and Russian rating agencies: in 2012 Fitch Ratings upgraded the Novosibirsk Region's long-term foreign and local currency ratings from «BB» to «BB+», and its national long-term rating from «AA-(rus)» to «AA(rus)» with stable outlook. The short-term foreign currency is confirmed at «B».

On September 2012 Novosibirsk Region headed the regional rating on global competitiveness published by Eurasia Competitiveness Institute. Out of all 30 rated regions Novosibirsk Region has managed to foster the most favourable business environment. According to the Center for Private Public Partnership Development estimates Novosibirsk Region is among top ten regions in terms of public-private



partnership development.

List of reference links

- <http://www.nso.ru>
- <http://ngtpp.ru>
- <http://novosibstat.gks.ru>
- <http://econom.nso.ru>
- <http://www.academpark.com>
- <http://www.ksonline.ru>