

Issue 16 • February 2016



RUSSIA BRIEFING

WWW.RUSSIA-BRIEFING.COM



Understanding Localization in Russia

Including

- P.04 Russia's Special Economic Zones, Infrastructure and Advantages
- P.07 Special Economic Zone 'Lipetsk': Seeing is Believing
- P.09 The Special Economic Zone in St. Petersburg
- P.10 Analysis of Stupino Industrial Park
- P.11 Localization for SMEs: Project Types and Methods of Localization
- P.13 Legal Requirements for Localization
- P.15 Conducting a Due Diligence Investigation Prior to Purchasing a Production Facility
- P.17 Understanding Taxation in Localization
- P.19 The Substitution of Import and Localization
- P.21 Administrative Issues to Consider during Localization
- P.23 Experiences with Localization

In Cooperation with

 **SCHNEIDER
GROUP**

Introduction

With the Ruble dropping to a record low at the start of 2016, Russia is currently in a deep economic crisis. Foreign investors have taken note of this, with the automotive industry a prime example of an industry that has seen decreased foreign interest. That said, over the past year we have also seen major new foreign production sites in Russia, such as the German harvester producer CLAAS in Krasnodar or the German-Japanese producer of machine tools DMG Mori in Ulyanovsk.

We have also seen some existing Western production sites in Russia beginning to develop export capabilities, allowing them to compete with Chinese competitors in African and Arabian markets.

This is possible thanks to strict cost management and the significant Ruble shortfall. Localization in Russia is a project for the long-term, and one that is worth consideration. As Russia's economic crisis unfolds, investors should not be completely inactive – the time should be used to prepare for the country's next consumer spending boom.

In this issue of Russia Briefing, we discuss the advantages of localization in Russia for foreign companies, and provide an analysis of Russia's industrial parks and Special Economic Zones (SEZs). We also feature an article from the General Director of ZENTIS Russia on their experience of producing jam, marmalade and other sweets in the country.

We at SCHNEIDER GROUP can guide companies through the localization process with advice on tax, legal, accounting and IT/ERP matters. Additionally, we can set companies up in the relevant industrial zone, help establish their plant, and can offer interim-management in the intended areas for localization. These are just

some examples of our services.

I wish you good luck with your localization project in Russia. Take the crisis as a chance!



Ulf Schneider
Managing Partner
SCHNEIDER GROUP

Yours,

Ulf Schneider
Managing Partner
SCHNEIDER GROUP

Reference

Russia Briefing and related titles are produced by Asia Briefing Ltd., a wholly owned subsidiary of Dezan Shira Group.

Content is provided by

Dezan Shira & Associates' partner company SCHNEIDER GROUP.

No liability may be accepted for any of the contents of this publication. Readers are strongly advised to seek professional advice when actively looking to implement suggestions made within this publication.

Disclaimer

All materials and contents
© 2015 Asia Briefing Ltd.

Table of Contents

P.04	Russia's Special Economic Zones, Infrastructure and Advantages
P.07	Special Economic Zone 'Lipetsk': Seeing is Believing
P.09	The Special Economic Zone in St. Petersburg
P.10	Analysis of Stupino Industrial Park
P.11	Localization for SMEs: Project Types and Methods of Localization
P.13	Legal Requirements for Localization
P.15	Conducting a Due Diligence Investigation Prior to Purchasing a Production Facility
P.17	Understanding Taxation in Localization
P.19	The Substitution of Import and Localization
P.21	Administrative Issues to Consider during Localization
P.23	Experiences with Localization



This Issue's Topic

Understanding Localization in Russia

About SCHNEIDER GROUP

SCHNEIDER GROUP - 500 experts, six countries, your one-stop partner

We at SCHNEIDER GROUP provide our international clients with the back office services they need to expand their business into or within Russia, Kazakhstan, Belarus, Ukraine, Poland and Germany. Our services include market entry support, accounting outsourcing, tax consulting, import, ERP systems (1C, SAP and Microsoft Dynamics NAV) and support in legal matters with focus on migration, labor and corporate law.

SCHNEIDER GROUP is your one stop partner in Russian speaking countries and Poland.

More information on
www.schneider-group.com



Online Resources from China Briefing



[ERP Systems: SAP vs. 1C](#)



[Currency Devaluation in Russia, Kazakhstan, Ukraine and Belarus and its Effects on Business](#)



[Structuring the General Director Position during Crisis Time](#)



[Sanctions Affecting International Business](#)

Online Resources on Emerging Asia



[Corporate Establishment Services](#)



[Understanding Laos' Special Economic Zones](#)



[A Guide to China's Free Trade Zones](#)



[A Guide to India's Special Economic Zones](#)



[The Guide to Understanding Vietnam's Industrial Zones](#)

Credits

Publisher / Chris Devonshire-Ellis

Editor / Edward Barbour-Lacey

Design / Jessica Huang & Estela Mi

Localization in Russia – too many questions? One partner with the answers.

When localizing your production in Russia, you may have many questions. Our 500 experts have the answers to questions like:

“Is Kaluga still an option?”

“How can I be granted reduced customs duties?”

“Should my General Director know the governor?”

“Where to find an English speaking accountant with production knowledge in Samara?”

“Can I use the SAP logistic modules (SD, MM, PP/QM) also in Russia?”

“How much localization is needed to participate in government tenders?”



www.schneider-group.com

Vladimir Kazakov
Market Research Director
+7 / 495 / 956 55 57
KazakovVS@schneider-group.com