



# INFORMATION REFERENCE

## Priorities of investment development of the Sverdlovsk region

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## I. GENERAL INFORMATION ABOUT THE SVERDLOVSK REGION

The Sverdlovsk Region is one of the fastest growing regions in Russia and is located on the border between Europe and Asia. This is where powerful industrial complex, rich natural resources, large transportation flows, solid scientific and human potential combine.

The economy of the Sverdlovsk Region is an industrial one, and its structure encompasses all key sectors of the industrial complex. This region is among Russia's top ten, which account for 60% of the country's industrial products. The level of concentration of manufacturing industries in the region is four times higher than the national average.

What makes this region unique is its advantageous geographical location on the border between the European and Asian parts of Russia, i.e. at the focal point of the country's transport corridors. The regional centre is Yekaterinburg, located in 1,700 km from Moscow on the eastern slope of the Urals.

The Sverdlovsk Region is rich in natural resources for the ferrous and non-ferrous metal sectors, as well as the chemical industry.

For many years, one of the key priorities of the region's economic policy has been to create a favourable environment for attracting investment and developing international business activities.

### *Administrative and territorial division*

The executive authorities of the Sverdlovsk Region are represented by its Governor and Government.

The region has 47 towns, 26 workers' and urban-type settlements and 1,843 villages. It is divided into five administrative districts: Gornozavodskoy, Severnyi, Zapadnyi, Vostochnyi and Yuzhnyi, with its administrative centre in Yekaterinburg, which is the capital of the Urals Federal District and Russia's fourth largest city by population.

Yekaterinburg ranked third in the 2010 Forbes rating of the best Russian cities for business. The city has confidently positioned itself as this Eurasian region's centre and has the necessary international business infrastructure in place. As a result, the Sverdlovsk Region's authority and recognition are growing exponentially.

## KEY ADVANTAGES OF THE SVERDLOVSK REGION

1. High investment potential, low investment risks and stable financial position
2. Leadership among Russia's constituent regions in terms of economic development
3. The largest transportation and logistics hub in the Urals Region
4. Multi-industry manufacturing complex
5. Developed infrastructure of foreign trade
6. High level of academic knowledge, university and industry R&D potential
7. Skilled labour and high innovative potential

### Investment and economic potential

As a result of a positive trend in the region's development over the last few years, its long-term credit rating has been continuously on the rise; this sustainable financial position has become one of the region's most attractive aspects.

The region has a high human and scientific potential, developed business infrastructure that meets all world standards, working to support legislation investing activities successfully implemented long-term regional strategy for social-economic development.

As the fifth most populous region in Russia, the region occupies the 4th place among Russian regions in terms of shipped goods of domestic production, the turnover of retail trade - 4th place, wholesale - 4th place, according to the Regional Department of the Federal State Statistics Service of the Sverdlovsk region. According the ranking of the Forbes magazine Sverdlovsk region occupies the second place among the most attractive investment regions in Russia (excluding Moscow and Leningrad region) in 2011. At the same time the administrative center of the region – Yekaterinburg – selected by Forbes magazine as one of the best Russian cities for business (3rd place among Russian cities in 2010).

Current indicators of social-economic development of the area show significant prospects for the economy of the Urals and its resistance to the changes at the world markets through a diverse range of regional industry and the ongoing processes of radical modernization of the economy of the Sverdlovsk region.

Also, it should be noted that the result of the positive dynamics of the region development in recent years has been a systematic increase in long-term credit rating.

In 2010, Standard & Poor's rating agency once again affirmed the region's BB credit rating. A low debt burden, the regional authorities' pursuing a conservative debt management policy, financial support from the federal budget, significant industrial assets, and high liquidity and people welfare indicators that are above the Russian average have had a positive effect on the region's credit quality. Confirmation of this positive credit rating enhances the Sverdlovsk Region's investment attractiveness, facilitates the expansion of the range of potential investors

and creditors, and broadens access to borrowings and other sources of capital. This in turn contributes to the further growth of the region's economy.

There are 73 lending institutions operating in the Sverdlovsk Region, including those with foreign investment: Raiffeisen Bank, Barclays Bank, Banca Intesa, Societe Generale Vostok, Citibank, Home Credit and Finance Bank and others. Leading global audit, consulting, insurance and leasing companies also operate in the region.

The implementation of large investment projects by foreign companies has demonstrated that the region's economy is open to foreign capital. Over just the last three years, Boeing (US), Siemens (Germany), Buzzi (Italy), OMYA (Switzerland), Saint Gobain (France) and others have been launching and successfully implementing their investment projects in the region.

The law "On state support for investors in the Sverdlovsk Region", aimed at creating favourable conditions for investment overall and support for foreign investments, is in effect. The key investor support arrangements are state guarantees, tax exemptions and a number of other measures taken as part of governmental support.

### **Key Eurasian transportation hub**

The Sverdlovsk Region is advantageously located where Europe and Asia meet, determining the region's importance as a key transit centre in Russia. The region's transport infrastructure is being developed in accordance with a number of federal and regional programmes.

The Sverdlovsk Region Administration has adopted a framework for the development of the region's transportation and logistics system for 2009-2015 (with an outlook up to 2030) in line with federal law. This framework is currently being implemented. According to this document, the Sverdlovsk Region is developing as a large international logistics centre with an interregional managing centre. It serves international and regional communications and transit traffic, such as the main latitudinal corridor (an extension of the International Transport Corridor No.2 Berlin-Moscow-Nizhniy Novgorod through Yekaterinburg to Beijing), made up of the existing Transsib railways and the Yekaterinburg-Tyumen and Yekaterinburg-Kazan highways.

In developing a transportation hub linking Europe and Asia, the region intends to build an efficient transportation and logistics system, the components of which include:

- Koltsovo international airport, which is the largest airport hub in Russia after Moscow and St. Petersburg and facilitates the economic and social development of the Sverdlovsk Region and its integration into the global economy, as well as an expansion of business, culture and tourism;

- Sverdlovsk Railway is the main connecting and handling centre for freight and passenger traffic between Europe and Asia and has a unique geographical position and significant resources. Today, the market served by Sverdlovsk Railway

covers 10.5% of the country's territory, 7.4% of its population and ensures the operation of 7% of Russia's basic production assets;

- A developed network of roads, including the West-East International Transportation Corridor and a system of highways;
- A network of international- and interregional level terminal and logistics complexes for transferring, storing and handling Eurasian commodity flows.

### **Large industrial centre**

The region's level of manufacturing industry concentration is considerably higher than the national average, allowing the Sverdlovsk Region to take pride in its role as Russia's industrial centre.

The Sverdlovsk Region's industries cover almost all existing types of economic activities. Traditionally, the region's industrial specialization includes the ferrous and nonferrous metals industry, metal processing, machine building and power generation, including nuclear power.

The machine building complex specializes in the production of machines and equipment, electrical equipment, electronic and optical equipment, and transport vehicles. It includes 240 large and medium enterprises and is one of the core industries in the Mid-Urals' economy. It has traditionally been the most innovative and technically advanced sector of the manufacturing industry, employing more than 180,000 people. The region's machine-building enterprises are also large consumers of manufacturing products.

The metals complex specializes in the production of metal and finished metal products, and includes the production of finished steel and steel pipes, pellets and ferroalloys. The nonferrous metals industry manufactures primary aluminum, titanium rolled products, refined copper and copper concentrate.

Mining: The Sverdlovsk Region is among Russia's most mineral resource-rich areas. The region accounts for 97% of the vanadium, 68% of the bauxites, 23% of the iron ore, 6% of the copper and 2% of the nickel extracted in Russia. It is known for its high level of extraction of alluvial gold and platinum, hard rock gold, raw materials for the construction industry, facing and fabricating materials, etc.

Wood processing and woodworking: The wood market, comprising mostly lumber and ply wood, is oriented towards the domestic market and export primarily to the US and Europe.

Currently, the Mid-Urals area is also witnessing fast growth in the production of electronic and optical equipment, pharmaceuticals and health products

## International and foreign economy activity

According to the Ministry of Foreign Affairs of the Russian Federation, the Sverdlovsk Region ranks third in the country in terms of the number of official consular and trade missions of foreign countries (over 20). The region has more than 130 trade partners.

The number of countries – trade partners of the Sverdlovsk region – more than 130.

Geographically, the region's key foreign trade partners continue to be industrially developed countries, which account for over 50% of its total commodity turnover. These countries are the key consumers of metals and metal products, machine-building products and chemicals, which constitute the core of the region's exports. The region's foreign trade is expressly export driven. Export accounts for 70,7% of the total commodity turnover while import totals 29,3%. The Sverdlovsk Region differentiates its export both geographically and by product type, thereby lowering its general exposure to market fluctuations.

**Foreign trade turnover** (data are based on the statistics of the Ural Customs Administration, taking into account trade with Belarus, including export and import of services) for **January – December 2010** in value terms amounted to USD 12 333,4 million. Exports amounted to USD 8 944,7 million and imports – USD 3388.7 million. The foreign trade balance was positive and amounted to USD 4 615,8 million. Data are presented without taking into account the mutual trade with the Republic of Kazakhstan from July 1, 2010 due to the lack of official statistical information in connection with the cancellation of July 1, 2010 customs clearance of goods at the Russia-Kazakhstan border of the Customs Union of Russia, Kazakhstan and Belorussia.

According to the Urals Customs Administration, **foreign trade turnover in January-February 2011** amounted to 1 416 million, an increase of 2% above the result of the same period last year.

The Sverdlovsk region is a **major importer of high-tech goods**. Imports of machinery products each year form up to USD 2 billion.

The Sverdlovsk region has cooperation agreements with the following countries:

Abkhazia, Armenia, Azerbaijan, Belarus, Bulgaria, Hungary, Kyrgyzstan, Moldova, Slovakia, Tajikistan, Finland.

Also, the Sverdlovsk region cooperates with the following regions and cities on the basis of agreements:

Baden-Wuerttemberg (Germany), Rheinland-Pfalz (Germany), Liguria (Italy), Piedmont (Italy), Carinthia (Austria), Baria Vung Tau-(Vietnam), the Xinjiang Uygur Autonomous Region of China (PRC), Ararat Marz (Armenia), Harbin (China), Donetsk (Ukraine), Kiev Region (Ukraine), Kirovograd Oblast (Ukraine), Dnepropetrovsk (Ukraine), Cherkassy (Ukraine).

## Research and innovation capacity of the Sverdlovsk region

The Sverdlovsk Region is one of just a few Russian regions that have retained their high R&D potential and is a leader among them. The region has vast innovation resources that can be used for the production of new high-tech products that will be competitive in both the domestic and global markets.

The region's industrial science complex is made up of 92 industrial R&D institutes that employ more than 17,000 people. The academic science complex comprises 22 institutes of the Urals Division of the Russian Academy of Sciences. There are also 32 universities and over 160 large and medium innovative manufacturing enterprises. More than 30,000 people are involved in R&D work in the region.

In 2010, the Yeltsin Urals Federal University was founded on the basis of two old Yekaterinburg universities. This university is the core of research and innovation in the Urals Region. In the Sverdlovsk Region, there are 32 universities in total (21 of them are state or municipally owned and 15 of them are non-governmental). The Sverdlovsk Region has 4,200 educational institutions of all types, which teach more than 1 million people. The system of secondary and higher vocational education is also well developed.

### Human resources

The Sverdlovsk Region has a population of 4,5 million, of which 83% live in towns and 17% reside in rural areas. People who are 30 to 49 years old comprise the largest portion of the workforce in the region (56,3%). Almost one fourth of the total workforce (24,9%) is made up of young people from 15 to 29 years of age, and the average age of the region's workforce is 39.

The Sverdlovsk Region's workforce is highly educated, which is an important condition for increasing production efficiency as a whole and creates opportunities for attracting high-tech investment projects to the region. The region places great importance on training specialists for important investment projects; it sets up training centers, re-trains teachers and develops educational programmes to meet the demand for any skill or profession.

## II. PERSPECTIVE INVESTMENT PROJECTS OF THE REGION

### 1. Industrial special economic zone “Titanium Valley”

Russia has 24 special economic zones (SEZs) of four types: industrial (4), innovative (4), tourist (13) and port and logistics (3).

In the Urals and Siberia, there is just one industrial SEZ, located in the Sverdlovsk Region – “Titanium Valley”, established by RF Government Decree No. 1032 of December 16, 2010.

The realization of this project proposes high-technology production development in the Russian Federation by virtue of conditions of unique tax and customs duty exemption to the residents of the SEZ.

The scope of “Titanium Valley” industrial priorities covers aircraft engineering, production of components for the aerospace and auto industries, metalworking, tool engineering, the machine tool industry, mechanical engineering, the robotics industry, microelectronics, and chemical production, including pharmaceuticals, composite materials, medical products, etc.

Federal Law No. 116 of 22 July 2005 “On special economic zones in the Russian Federation” establishes a special regime of operating within an SEZ that provides a special system of benefits and preferences for its residents. The key advantage of an SEZ is the predictability of expenses (administrative, tax, resource, etc.) for investors doing business there.

Among an SEZ’s other advantages are:

- a special tax regime;
- a special customs regime;
- special rates for lease and purchase of land and connection to infrastructure networks.

Under Article 6, Part 4 of the Federal Law “On Special Economic Zones”, the Sverdlovsk Region Administration and the Administration of the Verkhnyaya Salda City District of the Sverdlovsk Region ensure the due adoption within their powers of legal acts and regulations establishing the following tax benefits for SEZ residents by 30 July 2011:

Type of tax	Current tax rate in Russia	Tax rate in the SEZ	
Corporate profit tax	20%	15.5%	10 years
Corporate property tax	2,2%	0%	10 years
Land tax	1,5%	0%	
Transport tax (roubles per unit of horse power)	7-150	0%	

The SEZ offers a free customs zone regime, under which foreign-made equipment and components can be imported for free, i.e., value added tax on imported foreign goods will be 0% and import customs duty will not be charged.

An important advantage of the SEZ is that products manufactured there using goods produced abroad and goods from the Customs Union (Russia, Kazakhstan and Belarus) can be exported by SEZ residents to Russia and the Customs Union without VAT and duties until 1 January 2017 (if a company is registered in the SEZ before 1 January 2012), or outside the Customs Union without VAT and customs duty, provided the goods were sufficiently processed in the SEZ.

An important advantage of a special economic zone is that the products produced in the zone using the foreign goods and goods of the Customs Union (Russia, Kazakhstan, Belarus), residents can take out either on the territory of Russia and the Customs Union free of duties and VAT until January 1, 2017 year (if the company is registered in the SEZ territory before 1 January 2012), or outside the Customs Union without VAT and customs duties, if goods have undergone sufficient processing in the SEZ.

“Titanium Valley” is located between Verkhnyaya Salda and Nizhny Tagil, two of the Sverdlovsk Region’s largest cities. It is also in close proximity to “Ural Boeing Manufacturing”, a US-Russia venture, and JSC “VSMPO-Avisma Corporation”, the world's main producer of titanium and titanium products and a supplier of titanium components for Airbus, Boeing, General Electric, Goodrich, Embraer, Rolls Royce, Safran, etc.

“Titanium Valley” provides SEZ residents with easy access to rail and motorway transportation to destinations throughout Russia and around the world. The R-353 motorway near Nizhny Tagil connects the SEZ to the city and the entire Russian transportation network. A separate railway line links the SEZ with the Nizhny Tagil-Alapaevsk highway and Smychka railway station, which provides access to all of Russia's main railroads. Salka Airport, which is ready for use by the SEZ’s future residents, is just 20 kilometres from the SEZ. Yekaterinburg-based Koltsovo International Airport offers flights to destinations around the world.

## Stages of the SEZ creation:

### First stage:

SEZ «Titanium Valley»  
December, 31st 2013



Verkhnyaya Salda

Verkhnyaya Salda

Nizhny Tagil

Yekaterinburg

42 km

146 km

THE FOLLOWING INFRASTRUCTURAL OBJECTS ARE BUILT:

- customs complex [1]
- railway stations on SEZ territory (Special Economic Zone)
- freight terminal [2]
- fire station
- roads (internal and external)
- the first construction stage of Electricity Generating Plant in Verkhnyaya Salda (own electricity generation for SEZ is being created) [3]
- parking lots
- the area is fenced and equipped with checkpoints and perimeter cameras [4]
- SEZ is supplied with electricity, gas, heat, water (drinkable, service one), the first, second stages are provided with external networks and roads
- Three enterprises of the first residents have started up [5]; the other twelve plants are under construction.

### Second stage:

SEZ «Titanium Valley»  
December, 31st 2016



Verkhnyaya Salda

Verkhnyaya Salda

Nizhny Tagil

Yekaterinburg

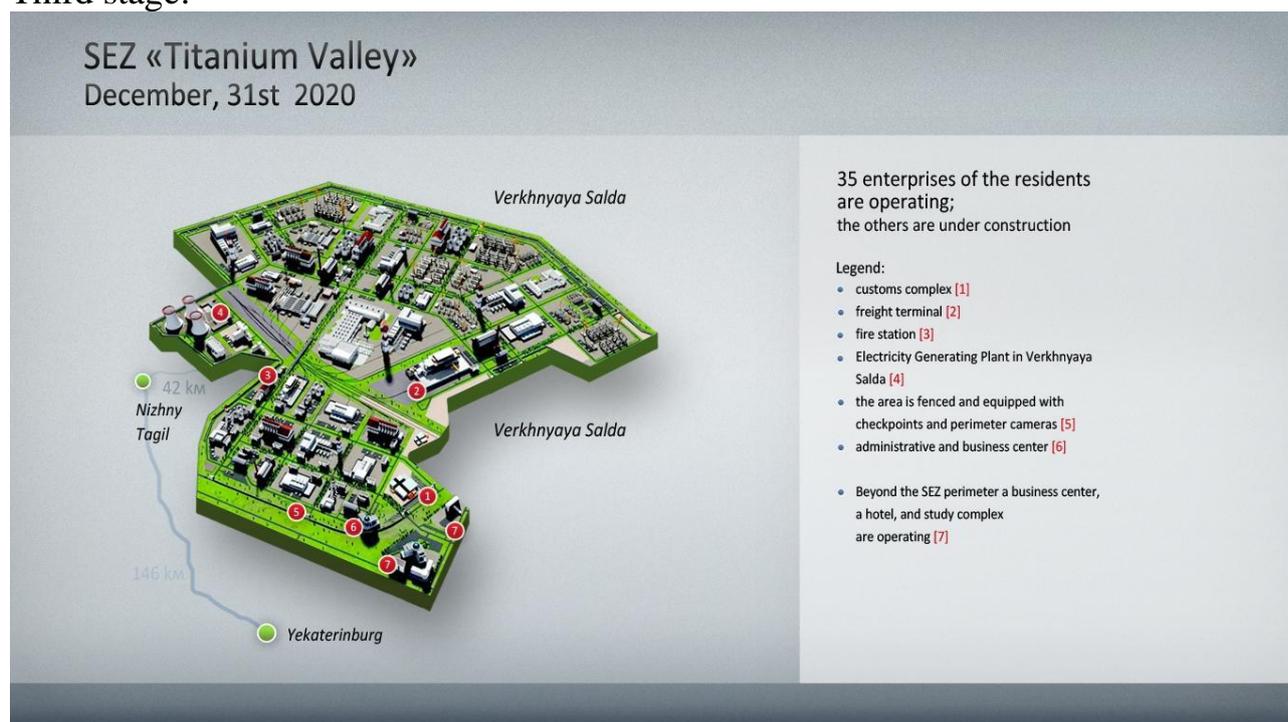
42 km

146 km

THE FOLLOWING INFRASTRUCTURAL OBJECTS ARE BUILT:

- freight terminal for the 2nd and 3rd stages of construction [1]
- administrative and business center [2]
- flyover bridge between the 1st and 2nd stages of construction
- the 2nd stage of Electricity Generating Plant (with the capacity of 220 W) [3]
- parking lots
- Beyond the SEZ perimeter a business center, a hotel, and study complex have been constructed and designated for all the SEZ participants [4]
- The 3rd construction stage is provided with internal networks and roads
- 15 enterprises of the residents are operating; the other twenty are under construction

### Third stage:



**Interested in** attracting companies to participate in the project as SEZ residents.

## 2. Cooperation in the sphere of the machine-tool construction

Taking into account the industrial specialization of the area, the Sverdlovsk region is one of the largest importers of foreign machine tools in Russia. The Sverdlovsk region annually imports engineering products in the amount more than 2 billion euro and represents one of the most significant Russian outlet market for industrial products.

Several years ago has began the purposeful activity of the Sverdlovsk region authorities including the selection of foreign partners to create a modern machine tool manufacturing in the Sverdlovsk region to the needs of local and all-Russian market. For this purpose, was elaborated the “Program of technical retooling, modernization of machine-building complex and machine tool building development in the Sverdlovsk region for the period till 2015”, assuming the creation of enterprises to produce modern numerical control machine tools.

The Sverdlovsk region is a vast market for industrial products: a regional machine-building complex is represented 240 large and medium-sized enterprises with more than 180 thousand people employed in it.

Cooperation in the machine tool field looks prospective with a glance on several key factors: the existence of high-capacious market of production capacities of the Sverdlovsk unloaded enterprises that are ready to submit their grounds for the manufacture of machine tools, the formation of the industrial special economic zone “Titanium Valley” with the aerospace specialization, the uniqueness of the local workforce, the availability of the Ural region as an important transport distributive node of the Russian Federation.

**Interested** in developing cooperation with foreign machine-tool companies for creation of metal-cutting equipment productions (with computer-controlled centers) in the Sverdlovsk region.

### **3. Cooperation in the sphere of the automobile industry**

In the past few years the Government of the Russian Federation has been consistently implementing a set of measures to promote the localization of production of motor vehicles. Currently, more than 15 assembly plants of foreign automakers are already working the Russian Federation.

In this case, according to the Association of European Businesses in Russia during the first quarter of 2011, sales of new cars and light commercial vehicles in Russia continue to show significant growth (77% in this period). In the top ten models of passenger cars sold since the beginning of the year, nine produced in Russia.

In the Sverdlovsk region there are more than 30 companies including “VSMPO-Avisma Corporation”, “PSM-Hydraulics”, “Ural Electrochemical Plant” FSUE, which have been already involved in the production of automotive assembling or are potentially capable of developing the manufacture of automotive components in the short term.

Also in the Sverdlovsk region there are a number of automotive enterprises, including automobile complete cycle factory “Automobiles and Motors of the Urals” (“AMUR” CJSC), which produces trucks with capacity from 4 to 20 tons, municipal and special vehicles. “AMUR” has already a successful experience of cooperation with foreign partners in the production of passenger cars (Geely, Landmark), light commercial vehicles (Tata), as well as large-tonnage trucks (FAW). The company has considerable experience in supplying components for major Russian producers, such as “AvtoVAZ”, “TagAZ” LLC. The plant produces a wide range of components and spare parts for passenger and cargo models. For the manufacture of automotive components “AMUR” company has a universal and special equipment for metal processing.

The Sverdlovsk region is recommended by the Ministry of Economic Development of the Russian Federation as one of the priority regions for auto assembly production.

#### **Interested:**

- in the distribution in the Sverdlovsk region of SKD-assembly of light commercial vehicles (LCV), as well as SKD or CKD-assembly of cars;
- in the distribution of manufacturing auto components in industrial sites of the Sverdlovsk region, as well as in the industrial special economic zone “Titanium Valley”.

### **4. The chemical technopark ‘Tagil’**

Within the framework of the Development Strategy of the Sverdlovsk region until 2020, aimed at the increasing production of innovative products, is being

formed the Chemical Technological Park “Tagil” (hereinafter – Technopark) on the production site of the largest Russian manufacturer of synthetic resins and plastics – “Uralchimplast” (city of Nizhny Tagil). At the head of the group “Uralchimplast” is Austrian company “UCP Chemicals AG” – the main shareholder of the group (92%).

Technopark’s area has nearby the rich mineral resource base, access to cheap oil and gas products. Industrial specialization of the Sverdlovsk region provides a stable and steady markets represented by the metallurgical, machine building, petrochemical, energy sectors and timber industry.

Today the area has all necessary permits for the allocation of chemical plants, including dangerous, as well as network infrastructure facilities: boiler house, sewage disposal plant, landfill with the possibility of recycling, road and rail access routes, its own fleet of cars and rail cars, steam and gas-supplies, own accredited laboratory. The territory, unencumbered by buildings and structures, is 90 hectares and will be transferred for use by residents of the techno park.

The Government of the Sverdlovsk region will provide support to potential residents of the industrial technology park with the state guarantees, tax concessions, simplifying the registration and licensing procedures for investors, etc. “Uralchimplast” guarantees assistance in the analysis of markets and products promotion, during registration REACH, sharing a distributive network, rail and motor car park, as well as all the infrastructure facilities in industrial technology park. From the municipal authorities of the city of Nizhny Tagil investors will be provided by measures of administrative support and tax benefits.

**Interested** in placing productions of chemical concerns at the site of Technopark.

## **5. Production of pharmaceuticals, medical equipment and medical supplies**

Taking into account the objectives of the Government of the Russian Federation to create a high-tech production of medicines, medical equipment and medical products in the Russian Federation, and the Concept of the Federal Target Program “Development of the Pharmaceutical and Medical Industry of the Russian Federation for the period up to 2020 and further prospects” (Government Decree of the Russian Federation of October 1, 2010 No. 1660-p), the Government of the Sverdlovsk region is developing the project of the **Ural Pharmaceutical Cluster** (hereinafter – Cluster).

The strategic goal of creating the Cluster is forming in the region a high-tech complex of interrelated industries and infrastructure for the development, production and sale of modern medicines, medical equipment and medical products of high quality.

In the Sverdlovsk region, historically established a complex conditions for the development of the pharmaceutical industry on a cluster basis, including the presence in the Middle Urals unique combination of cluster members, namely:

- 5 institutes of the Ural branch of the Russian Academy of Sciences and 6 industrial research institutes with qualified scientists and technologists who have the serious developments in the field of pharmacy;

- The Ural Federal University (51 thousand students) and the Ural State Medical Academy (10 thousand students) as base for research and training personnel for the pharmaceutical industry;

- Center for Military-Technical Problems of Biological Protection of Ministry of Defense (Yekaterinburg);

- 12 pharmaceutical companies in the region, including high-tech production of import pharmaceutical products by the standards of the European GMP, in particular, preparations of genetically engineered insulin human, infusion, peritoneal and others solutions, antiviral, anticancer nanomedicines, concentrates and automated water treatment apparatuses and hemodialysis systems, radiopharmaceuticals, etc.;

- significant public-private network of major consumers of the Cluster's production – specialized dialysis centers, diabetes centers and clinics;

- strong links with foreign partners: research centers, manufacturers, service providers;

- the reliable production logistics system corresponding to international standards which development is provided through the construction of a regional pharmaceutical transportation and logistics hub in area 30 thousand sq. m.

It should be noted that created within the Cluster OOO “Ural Center of biopharmaceutical technology” with the project “Development of innovator medicines to treat infections of viral etiology and diagnostic techniques of viral diseases” and OOO “Ural Nuclear Medicine Centre” with project “Targeting diagnostic and therapeutic multimodal agents on the support structure core-shell carbon” got the status of the residents of the Development Fund of the Centre for Development and Commercialization of New Technologies (the Skolkovo Innovation Fund). Along with the Skolkovo Innovation Fund the co-investor of the first project is a founder of the Ural Center of biopharmaceutical technology – Holding “Unona” (Yekaterinburg), and a co-investor of the Ural Nuclear Medical Center will be OOO “UralDial” (Yekaterinburg).

The production volume of the finished pharmaceutical products in the Sverdlovsk region in 2010 became one of the largest in Russia and was about 3.0 billion rubles which in 3.1 times more than in 2005. Currently pharmaceutical enterprises of the region produce 55 titles which are included in the nationwide list of 652 vital and essential drugs, 23 items are at the registration and 332 in the advanced development.

The further development of the Cluster will largely be based both on the existing and the newly created innovation infrastructure, including:

- Science park, uniting the scientific research and experimental laboratories and a vivarium for the development, preclinical and pilot testing of innovative products of the Cluster;

- Centers of high medical technologies (dialysis, diabetic, nuclear, etc.);

- companies – residents of the Skolkovo Innovation Fund in the Cluster, including the Urals Nuclear Medicine Center and the Ural Center of Biopharmaceutical Technology;

- Business incubator for the formation of the target groups of small innovative pharmaceutical companies and the personnel training center;
- joint scientific and innovative research products with foreign partners (e.g., Triazavirin – Dynamite Nobel, Germany; test strips for glucometers – Bayer, Germany; syringe insulin delivery system – Owen Mumford, UK; pacemakers – Medtronic, USA).

According with the calculation of total annual output by the companies of the Cluster (medicines, medical equipment and expendable materials) made on the basis of the synergistic effect taken in the cooperation of the Cluster participants: by 2015 the volume of the production estimated in Euro 875 million and by 2020 – up to Euro 2,5 billion.

Basing on the research results, which have defined the most socially-critical the Russian spheres of public health services, was compiled a list of more than 70 innovative, modern facilities, planned to create (or modernize) as part of the Ural pharmaceutical cluster for an overall amount of investment Euro 1 billion, the priority of which:

- the manufacture of infusion, peritoneal and other types of solutions, as well as their packaging;
- the manufacture of a substance and the finished pharma products of genetically engineered insulin human of trade mark Rosinsulin;
- the manufacture of dry and liquid dialysis concentrates, as well the artificial kidney apparatus, and the water treatment systems for dialysis department;
- the manufacture of isotopes of cesium-131 which are used in micro source radio radiation for the treatment of malignant tumors of the prostate gland (currently 100% exported to USA);
- the creation of the Ural Nuclear Medicine Center for diagnosis and therapy of malignant tumors using nuclear technology;
- the production of the substance and the finished pharmacy products of antiviral drugs, particularly of the innovative domestic drug of world level with a new molecule Triazavirin;
- the creation of a network of specialized dialysis centers for treatment patients with chronic renal failure through hemodialysis sessions. Since 2011, it is planned to create not highly specialized dialysis centers, but the comprehensive centers of advanced medical technologies, including the dialysis departments, diabetes treatment, brachytherapy, etc. About 200 centers are in the works to build across Russia;
- the first Russian production of glass package for the needs of pharmaceutical industry of the first hydrolytic class (ampoules, vials, cartridges).

The key factors of the successful development of the Cluster are:

- a highly professional and experienced team of staff in all key direction of activity: more than 100 of them – the top managers of top-qualification, manufacturing staff are fully certified for compliance with EU GMP requirements, among the scientific staff – 3 academicians, 9 professors, 22 PhD.

- the presence of independent private funds which allow participating in the various government programs;
- the political support on the part of the Government at all levels;
- the private-public partnership: at the regional level it is implemented as part of the governor and special programs, agreements of intent with the co-financing from the regional budgets; at the federal level the enterprises of Cluster within the partnership with the state implement the pilot and the priority projects, including, jointly with the State corporations, funds and banks (Rosnauka, Skolkovo Innovation Fund, Vnesheconombank, Rosnano). In addition, under the “Strategy for Development of Pharmaceutical and Medical Industry of Russia till 2020” in the cluster is planned to implement 32 projects – among them upon 12 projects have already filed the applications in the similarly-named Federal Target Program.

Among **the priority ways of cooperation within a framework of the Ural pharmaceutical cluster** the Government of the Sverdlovsk Region of the Russian Federation following are highlighted:

- **joint experimentation** in the sphere of modern, innovative medical products, medical equipment and active storages;
- **international clinical trials** of drugs for licensing receiving for its application at the partner countries;
- projects implementation of **an allocation the joint manufactures of pharmaceuticals and medical equipment at the facilities of companies-participants of the cluster**, including the production of hardware components and fully finished products, as well as the assembly of finished products from the supplied components;
- **carrying out the joint scientific researches** in the field of modern, innovative medicines, medical equipment and consumables;
- **purchasing** of the substances, strain-mfrs, substance and medicines manufacture patents.

The Government of the Sverdlovsk region (Russia) will render to the partners of the Cluster all necessary assistance in selecting the sites for the plants, as well as provide the state support measures, tax privileges and preferences connected with the passing of the registration and licensing procedures.

## CONTACT DETAILS

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