What is Great Stone?

- “...the country’s most important joint project.” Alexander Lukashenko, President of Belarus

- An industrial park with an area of 112 km² ≈ Paris

- Part of China’s One Belt, One Road Initiative

- The China–Singapore Suzhou Industrial Park is the prototype for Great Stone
Where are we now?

- In 1st phase of development, area 8.5km²
- Developed infrastructure with $249m invested
- >50% of phase 1 land plots occupied
- Production facilities of 65k m² built, of which 85% are utilized
- International recognition

- 60 residents registered in the park
- $314m invested by residents as of Q1 2020
- 761 jobs created in the park
Where do we want to be and when?

Short to medium term – next 5 years

• Commence 2nd phase of development

• Rail
  o Rail freight terminal: the largest in the Silk Road Economic Belt, to be built by Duisburg Port and their partners
  o Direct connection to the national airport and Minsk, commencing this year

• 250 resident companies
Where do we want to be and when?

Longer term and ultimately

- Complete 2nd phase of development
- A city with up to 130,000 residents
- Infrastructure investment of $2bn
- Foreign direct investment of $2bn - $5.5bn
Criteria to become a resident

• Operating sector
  o Manufacturing
  o Engineering
  o Logistics
  o R&D
  o E-commerce
  o Data processing
  o Others

• Investments of:
  o ≥$500k within 3 years or
  o ≥$5m in total
Criteria to become a resident

• The value of investment includes:
  o Land purchase
  o Construction costs, including restoration, reconstruction and modernization costs
  o Plant and equipment
  o Vehicles
  o Intangible assets – R&D, intellectual property
Why become a resident of Great Stone?

- Facilities
- Ease of doing business
- Savings
- Geographic location
Facilities - ready to use infrastructure

- Electricity sub station, 50 MW
- Street Network
- Sewage Treatment Plant
- Rainwater Treatment Plant
Facilities - ready to use administrative / support

Office space

Exhibition Centre

Innovations Centre

Residential
Facilities - ready to use production and logistics
Ease of doing business

- Ownership / lease options
- One Stop Shop service
- On site customs clearance
- Simplified customs zone
- Construction legislation relaxed
- Unique legislative simplifications and amendments
Ease of doing business

• Unique legislative simplifications and amendments
  o “Simplified tax regime due to exemptions, also removes uncertainty
  o Some rules relaxed (bk a/cs, foreign currency holdings)
  o Timescales to perform foreign trade transactions removed
  o Visa regime 180 days
Savings

- “Benefits matching” => always the most favorable terms
- Guarantees of unchanged business environment (Grandfather clause)
- Customs duties benefits of 5% to 20%
- VAT benefits up to 20%
- Company tax benefits
- Payroll taxes
- Other cost benefits – labour and utility costs
Savings: Import Customs Duties and VAT benefits

- **Raw Materials**
  - **No Import Customs Duties** +*
  - **No VAT** +**

- **Poland**
  - **No Import Customs Duties** +*
  - **No VAT** +**

- **Great Stone**
  - Finished Goods
    - 1
    - 2
    - 3
    - 4
    - 5
    - 6

- **Russia**
  - **Import Customs Duties**
  - **No VAT** +**

+ = Benefit of being in at Great Stone
Savings: on equipment and spare parts

• No Customs duties or on equipment and spare parts
  o No import customs duties or VAT on equipment and spare parts brought in from anywhere (EEU / EU / RoW)

  o Can increase scope of project to allow duty free import on subsequent equipment

=> if not in a FEZ, customs duties are payable on equipment and spares for start up at 5%-20% and VAT at 20%
Savings: company tax benefits

• Corporation tax
  o 0% first 10 years after first profit made
  o 50% of standard charge till 2062, = 9% currently

• Dividend tax
  o 0% for first 5 years after first profit made, 12% currently

• Property and land tax
  o 0% till 2062, 1% currently
**Savings: payroll taxes**

- Employer contributions capped at 35% of the national average wage
  - $35\% \times \varepsilon 466 / \text{mth} = \varepsilon 163 / \text{mth} \Rightarrow \text{no additional employer tax to pay on salaries} > \varepsilon 466 / \text{mth}$

- Employees payroll tax rates reduced to 9%, from 13%
**Savings: payroll taxes**

### Example 1: Employer pays the same amount

<table>
<thead>
<tr>
<th></th>
<th>Belarus, non Great Stone</th>
<th>Great Stone</th>
<th>Value Saved - €</th>
<th>% of Employer Payment Saved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer payment</td>
<td>1,250</td>
<td>1,250</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Employer Tax paid</td>
<td>35.0% (324)</td>
<td>13.0% (163)</td>
<td>(161)</td>
<td></td>
</tr>
<tr>
<td>Gross Salary</td>
<td>926</td>
<td>1,087</td>
<td>(161) (161)</td>
<td>-13%</td>
</tr>
<tr>
<td>Employee Tax</td>
<td>13.0% (120)</td>
<td>9.0% (98)</td>
<td>(23)</td>
<td></td>
</tr>
<tr>
<td><strong>Employee Receives</strong></td>
<td><strong>64% 806</strong></td>
<td><strong>79% 989</strong></td>
<td><strong>(184) -15%</strong></td>
<td></td>
</tr>
<tr>
<td>Total Tax Paid</td>
<td>(444)</td>
<td>(261)</td>
<td>(184) (184)</td>
<td>-15%</td>
</tr>
</tbody>
</table>

### Example 2: Employee receives the same amount

<table>
<thead>
<tr>
<th></th>
<th>Belarus, non Great Stone</th>
<th>Great Stone</th>
<th>Value Saved - €</th>
<th>% of Employer Payment Saved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer payment</td>
<td>1,250</td>
<td>1,048</td>
<td>202</td>
<td></td>
</tr>
<tr>
<td>Employer Tax paid</td>
<td>35.0% (324)</td>
<td>15.6% (163)</td>
<td>(161)</td>
<td></td>
</tr>
<tr>
<td>Gross Salary</td>
<td>926</td>
<td>885</td>
<td>41 3%</td>
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</tr>
<tr>
<td>Employee Tax</td>
<td>13.0% (120)</td>
<td>9.0% (80)</td>
<td>(41)</td>
<td></td>
</tr>
<tr>
<td><strong>Employee Receives</strong></td>
<td><strong>64% 806</strong></td>
<td><strong>77% 806</strong></td>
<td><strong>0 0%</strong></td>
<td></td>
</tr>
<tr>
<td>Total Tax Paid</td>
<td>(444)</td>
<td>(243)</td>
<td>(202) (202)</td>
<td>-16%</td>
</tr>
</tbody>
</table>
Savings: labour costs

• Low labour cost country

<table>
<thead>
<tr>
<th></th>
<th>Belarus</th>
<th>Czech</th>
<th>Russia</th>
<th>Poland</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average monthly salary</td>
<td>466</td>
<td>1255</td>
<td>693</td>
<td>1205</td>
<td>3771</td>
</tr>
<tr>
<td>IT-specialist</td>
<td>1375</td>
<td>1759</td>
<td>1299</td>
<td>1732</td>
<td>5012</td>
</tr>
<tr>
<td>Engineer</td>
<td>611</td>
<td>1392</td>
<td>765</td>
<td>1396</td>
<td>4145</td>
</tr>
<tr>
<td>R&amp;D-specialist</td>
<td>730</td>
<td>1550</td>
<td>1221</td>
<td>1568</td>
<td>5949</td>
</tr>
<tr>
<td>Qualified Factory Worker</td>
<td>570</td>
<td>1259</td>
<td>621</td>
<td>1542</td>
<td>3300</td>
</tr>
</tbody>
</table>
### Savings: utilities

- Utility costs at the park are comparable to Russia and much lower than in Europe
- Gas rates lower than in rest of Belarus

<table>
<thead>
<tr>
<th></th>
<th>Electricity</th>
<th>Gas</th>
<th>Water</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ / Kilowatt hour</td>
<td>€ / 1000m3</td>
<td>€ / m3</td>
</tr>
<tr>
<td>Great Stone</td>
<td>0.09</td>
<td>150</td>
<td>0.7</td>
</tr>
<tr>
<td>Russia</td>
<td>0.06</td>
<td>124</td>
<td>0.3</td>
</tr>
<tr>
<td>Poland</td>
<td>0.14</td>
<td>474</td>
<td>2.2</td>
</tr>
<tr>
<td>Czech</td>
<td>0.16</td>
<td>600</td>
<td>3.8</td>
</tr>
<tr>
<td>Germany</td>
<td>0.30</td>
<td>641</td>
<td>6.6</td>
</tr>
</tbody>
</table>

Savings: utilities

- Utility costs at the park are comparable to Russia and much lower than in Europe
- Gas rates lower than in rest of Belarus
Geographic Location

Transport links

• Road links
  o Moscow-Berlin international highway (M1/E30) to Russia and Central Europe
  o Centrally located in Belarus for domestic market

• Rail links
  o International railway network
  o Rail freight terminal to be built
Geographic Location

Transport links

• Ports
  o Seaports: Riga (499km), Klaipeda (530km), Kaliningrad (585km)
  o Riverport: Duisburg (1644km), largest river port in Europe

• Airport
  o Minsk International airport (3km)
  o Direct flights to 40 cities
  o Moscow 1h 20m; Berlin 1h 45m; London 3h 10m
Geographic Location

Workforce

• Minsk: 25km, population 2m
  o Technical universities and colleges with excellent reputations
  o Strong focus on spheres of science, engineering and IT
  o Young population

• Surrounding towns
  o Sokol 5km, population 7k
  o Smolevichi 23km, population 14k
Artur Detkov

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Thank you