

SHCHEKINOAZOT: TOMORROW STARTS TODAY

On 25 May 2018, the Ministry of Industry and Trade of the Russian Federation, the government of the Tula Region and Shchekinoazot signed a memorandum of understanding to enter into a special investment contract (SIC). The ceremony was held as part of the St. Petersburg International Economic Forum (SPIEF 2018). It should be noted that the signing of such a document was nearly a first for the region.

SIC, BUSINESS SUPPORT MECHANISM

The document was signed by the Minister of Industry and Trade, Denis Manturov, the Governor of the Tula Region, Alexei Dyumin, and the President of the United Chemical Company Shchekinoazot, Boris Sokol.

The goal of the memorandum is to stimulate investment activity in the industrial sphere, taking into account Shchekinoazot's intention to implement two major investment projects in the Tula Region. These are a rectified methanol plant with a capacity of 500,000 tonnes per year (M-500) and a nitric acid and ammonium nitrate plant with a capacity of 270,000 and 340,000 tonnes per year, respectively.

The parties decided to employ the SIC format, which is new to Russia, given the great significance of these projects. Their purpose is to increase the region's export potential and the share of products with higher added value in the national economy. Additionally, they'll promote the dynamic social and economic development of the Tula Region and Russia as a whole.

This is a new form of public-private partnership. Such a contract involves a tripartite agreement between the investor, the region and the Ministry of Industry and Trade of the Russian Federation. Under this mechanism, the investor creates,

upgrades or develops an industrial enterprise of importance to the region or the country.

By signing this document, the chemical company confirms that it intends to invest in projects fully and in a timely manner. The purpose is to carry out all the activities required for the full implementation of projects and the accomplishment of every goal.

In turn, the administration of the Tula Region agrees to support the projects and guarantee the possibility of considering the formalisation of the special investment projects concluded with Shchekinoazot in accordance with the established procedure. They also commit to undertake stimulation measures required by the legislation of the Russian Federation and the Tula Region.

The Ministry of Industry and Trade is also interested in Shchekinoazot's projects and pledges to guarantee the possibility of considering the conclusion of special investment contracts with the company with the involvement of the Tula Region administration in the established procedure through the Inter-Departmental Committee for Evaluation of Special Investment Contracts.

Both government parties guarantee that while the contract is valid, its terms will not change, regardless of changes in federal





The company's employees are in a good mood on their professional holiday, Day of the Chemist. The company has great expectations for the package of projects they are planning to launch. These projects will create new jobs, the company's demand for qualified employees will grow, people will get fair wages, and the government – tax revenue.

**CONGRATULATIONS, DEAR CHEMISTS!
BEST OF LUCK!**

and regional legislation. Legal, tax and all other conditions remain unchanged for a company implementing a project of vital significance for the economy of the country and the region.

Simultaneously, the investing company can count on a long period of work on the project in unchanging conditions. This allows it to plan its expenses precisely and to calculate payback periods and many other financial and economic performance indicators.

**BORIS SOKOL:
"OUR COMPANY IS CONSTANTLY DEVELOPING"**

At SPIEF 2018, President of Shchekinoazot Boris Sokol sat down with us for an interview.

"Our company is consistently putting into practice what was begun 13 years ago in the Shchekinoazot Development Strategy. In this period, we have successfully completed 16 investment and modernisation projects. A total of 882 million dollars has been invested in the company.

At the International Economic Forum, the Ministry of Industry and Trade of the Russian Federation, the government of the Tula Region and Shchekinoazot signed a memorandum of understanding on entering into a special investment contract. This will provide the chemists of Shchekino the opportunity to work in especially favourable economic conditions. We guarantee the successful implementation of the M-500 project, as well as 270,000 tons of nitric acid and 340,000 tons of ammonia nitrate a year.

The first M-450 methanol installation marked the plant's rebirth, and our second methanol project, M-450/A-135, a period of stability. The M-500 project, the third installation, will make the company one of the leaders in the manufacturing of this product in

Russia. It will be our success.

On behalf of the whole team, I would like to thank Russian Minister of Industry and Trade Denis Manturov and the Governor of the Tula Region Alexei Dyumin for their understanding and support. I hope our cooperation will continue to intensify..."

The four projects being implemented now have enormously significance for the company. For instance, the methanol-ammonia complex will allow the company to more than double its annual output. What's more, there are currently no installations anywhere in the world with such a production profile: more methanol and less ammonium (450,000 and 135,000 tonnes, respectively). This became possible thanks to the unique technology of Shchekinoazot's trusted partners, Denmark's Haldor Topsoe.

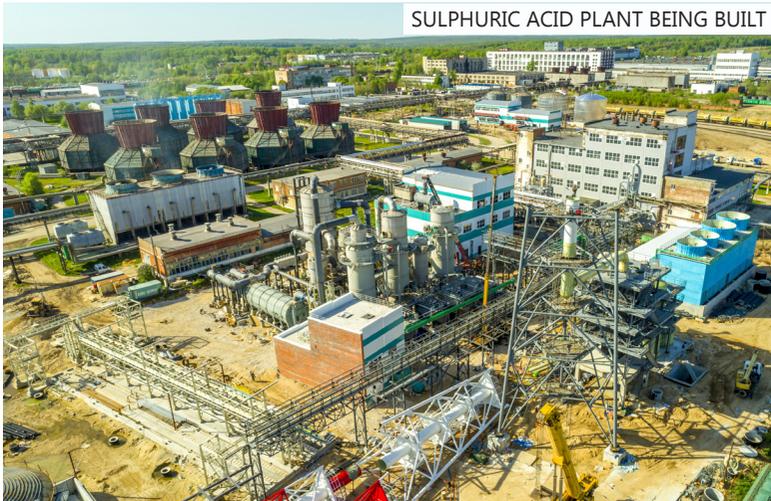
The sulphuric acid unit will produce the raw material for caprolactam production. When the project is implemented, the company will be able to switch fully to the use of products made in-house, which is economically efficient.

The perfume-quality dimethyl ether project (in association with PSS SE) is part of the import substitution programme. It will be the first installation of the kind in Russia. After Shchekinoazot's production passes testing, Russian cosmetic sprays will rise to a new level of quality!

Finally, the technical capabilities of the new treatment sites (the fourth project) will facilitate the implementation of both ongoing and future projects.

The company has more plans for the future, including the production of carbamide and ammonium. When it is launched, Shchekinoazot will become the leader of this segment in Russia. ■

SULPHURIC ACID PLANT BEING BUILT



THE METHANOL-AMMONIUM PLANT WILL OPEN IN 2018

