

## Shchokinoazot: new projects create new opportunities

### Shchokinoazot is a key exporter in Tula Region

Today Russian businesses are focusing on increasing the turnover of non-resource exports. The domestic economy is looking for new growth areas. In light of sanctions, the country is concentrating on strengthening the national economy and creating conditions that will ensure economic growth rates on par with average world rates.

Pursuant to the Decree issued by the President of the Russian Federation, Vladimir Putin, the task is to increase the volume of non-resource exports to \$250 billion by the end of 2024.

Shchokinoazot is a great example of a company that is solving this problem efficiently.

While implementing a development strategy, the company has successfully delivered 16 investment projects and spent \$882 million on the development of production facilities during last 14 years.

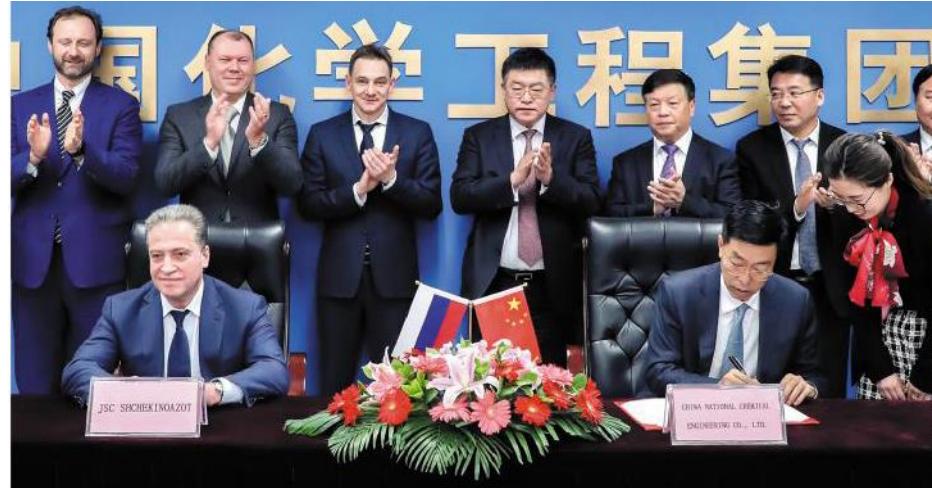
In 2018, the next stage of the investment program ended with the launch of new sewage treatment plants, as well as facilities for the production of methanol and ammonia, perfume quality dimethyl ether and sulfuric acid.

At present, 70 % of the company products are exported, but the company has set new goals on production development, product line expansion and goods delivery to markets.

In the near future Shchokinoazot will launch three new facilities for the production of: methanol (with a capacity of 500,000 tons per year), nitric acid and ammonium nitrate, as well as ammonia and urea.

The last two production complexes will enable Shchokinoazot expand its presence on the mineral fertilizer market.

"Among Russian goods used in the agricultural sector, mineral fertilizers are the ones in high



March 15, 2019. Signing a contract in China.

demand abroad. Therefore, our new projects are certainly promising," said Vyacheslav Kurganov, Deputy Director General of Shchokinoazot. "Projects on nitric acid and ammonium nitrate production are expected to deliver 270,000 and 340,000 tons of these products per year. Ammonium nitrate is a valuable fertilizer which is in high demand at the market. This opens up new horizons for us. We are now completing the project design work, and we hope to proceed to construction in the coming summer, as project deadlines are quite tight — production of nitric acid and ammonium nitrate should be put into operation within three years. Deadlines for the launch of ammonia and urea production are not that strict."

On March 10–16, the Shchokinoazot delegation, chaired by its President Boris Sokol, visited CNCEC (Beijing, China). They went to discuss the final version of the EPC Contract for an ammonia production complex (1,500 tons/day) and

an urea production complex (2,000 tons/day) between Shchokinoazot and CHINA NATIONAL CHEMICAL ENGINEERING CO., LTD (CNCEC).

As a result of negotiations held at the CNCEC office on March 15, two contracts were signed: the first one between CNCEC and licensors Haldor Topsoe and Stamicarbon, and the second one between OJSC Shchokinoazot and CHINA NATIONAL CHEMICAL ENGINEERING CO., LTD (the EPC Contract for ammonia and urea production complexes).

Shchokinoazot continues to develop its production site, increasing production capacities of strategically vital products.

"After the launch of the methanol production unit M-500, we intend to become the largest producer of this substance in the country," says Anatoly Surba, Shchokinoazot Director General. "The nitric acid and ammonium nitrate production project will meet the demands of Russian consumers. If everything goes well, we will

enter the international market. And when we launch the production of ammonia and urea, we will export around 50 % of urea, thereby completing the task set by Vladimir Putin and Alexei Dyumin, Governor of Tula Region. The project is scheduled to begin in 2024. The expected production capacity is 2,000 tons per day. Our new production facilities are high-tech and environmentally friendly..."

All Shchokinoazot projects are aimed to increase regional export potential and fully comply with the Russian President's Decree No. 204 dated May 7, 2018 "On the National Development Goals and Strategic Objectives of the Russian Federation in the Period until 2024."

The company's development program is implemented with the support of Alexei Dyumin, Governor of Tula Region, the Ministry of Industry and Trade of the Russian Federation, the Regional Ministry of Industry, the Industrial Development Fund of the Russian Federation and the Russian Export Center.

There is no doubt that such a global and responsible approach will help Shchokinoazot make a great contribution to the development of Russian non-resource exports and become a serious platform for solving national problems.

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