Investment profile of the Autonomous Republic of Crimea

Agency for Regional Development of the Autonomous Republic of Crimea
Dear colleagues!

Today the Autonomous Republic of Crimea opens door with hospitality to all guests and partners and demonstrates its economic potential as well as invites to active cooperation.

In November 2010 the Agency for Regional Development was established by the Council of Ministers of the Autonomous Republic of Crimea. The idea of the Agency’s establishment was supported by the European Union and the United Nations Development Program. The Agency for Regional Development was determined as a pilot project in a sphere of regional development in Ukraine. According to the experience of European countries on regional development, sustainable, dynamic development of regions would be possible only in case of synergy of local authorities and business. We understand that lack of foreign investments will lead to slow economic development and as a result of this to slow development of region generally. Establishment of the Agency is one of practical steps of the Crimean authorities towards enhancing of investment climate on the territory of the Autonomy.

The main function of the Agency for Regional Development is to be a “single investment window”. It means that the Agency will exercise professional maintenance for implementation of investment projects. In the aforementioned case the Crimean authorities, the Agency and investors will be integrated in achievement of assigned tasks. Such cooperation undoubtedly will lead to success.

For the first time in Crimea the investment profile was issued. Through this issuance we provide investor with initial information on the Crimea, its possibilities and cooperation potential.

Today Crimea is on the way to effective economic development. There is an ambitious plan to develop industry and agricultural sectors as well as implementation of new technologies in energy and transport spheres.

We strongly believe that political stability and transparency in business activities will confirm that Crimea is unique place for investment.

Kind regards,

Chairman of the Council of Ministers of the Autonomous Republic of Crimea

A. Mogilyov
Contents

Crimea: facts and figures ........................................ 4
About Crimea ..................................................... 6
Why Crimea? ..................................................... 8
Population ......................................................... 10
Education ........................................................ 12
Economy .......................................................... 14
Human resources ............................................... 18
Infrastructure .................................................. 20
Transportation .................................................. 22
Investment opportunities ................................. 24
  Agriculture and Food processing .................. 25
  Tourism ......................................................... 25
  Industry ......................................................... 26
  Transport ....................................................... 26
  Energy .......................................................... 27
  Extraction of natural resources .................... 27
Successful projects ........................................... 28
Quality of life .................................................... 30
Districts and cities .......................................... 32
Useful contacts .................................................. 38
CRIMEA: FACTS AND FIGURES
<table>
<thead>
<tr>
<th><strong>Official name</strong></th>
<th>Autonomous Republic of Crimea (ARC)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government</strong></td>
<td>Autonomous republic within Ukraine</td>
</tr>
<tr>
<td></td>
<td>Legislative body — Supreme Council (Verkhovna Rada) of the Autonomous Republic of Crimea; Executive body — Council of Ministers of the Autonomous Republic of Crimea</td>
</tr>
<tr>
<td><strong>Administrative divisions</strong></td>
<td>25 regions: 14 districts (rayons) and 11 republic-governed cities</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>Simferopol</td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td>1954.3 thousand people</td>
</tr>
<tr>
<td><strong>Area</strong></td>
<td>26 860 sq. km</td>
</tr>
<tr>
<td><strong>Geographical location</strong></td>
<td>South-eastern Europe, peninsula in northern coast of the Black Sea</td>
</tr>
<tr>
<td><strong>Coastline</strong></td>
<td>1120 km, incl. 523 km of beaches</td>
</tr>
<tr>
<td><strong>Highest peak</strong></td>
<td>Mount Roman Kosh (1545 m)</td>
</tr>
<tr>
<td><strong>Climate</strong></td>
<td>Moderate continental in the north and nearly subtropical on the southern coast</td>
</tr>
<tr>
<td><strong>Official language</strong></td>
<td>Ukrainian</td>
</tr>
<tr>
<td><strong>Principal religions</strong></td>
<td>Orthodox Christianity, Islam</td>
</tr>
<tr>
<td><strong>Major cities (thousand people)</strong></td>
<td>Simferopol (354.8), Kerch (147.1), Yalta (136.5), Eupatoria (120.4), Feodosia (105.6)</td>
</tr>
<tr>
<td><strong>Currency</strong></td>
<td>Hryvnia (UAH)</td>
</tr>
<tr>
<td><strong>Currency rate</strong></td>
<td>USD 1 = UAH 7.94 (as of 1 March 2012)</td>
</tr>
<tr>
<td><strong>Time zone</strong></td>
<td>East European Time – EET (GMT +02:00, summer +03:00)</td>
</tr>
<tr>
<td><strong>Internet domain name</strong></td>
<td>crimea.ua</td>
</tr>
</tbody>
</table>
ABOUT CRIMEA
GEOGRAPHICAL LOCATION
The Autonomous Republic of Crimea is the government of the Crimean Peninsula, located in the south of Ukraine between the Black Sea and the Sea of Azov. The landscape of the peninsula, covering an area of 26.1 thousand square kilometres, is composed of Crimean steppe plains, the Kerch Peninsula and mountains on the southern interior with Mount Roman Kosh (1545 m) as the highest peak. Crimea has 257 rivers longer than 5 km and more than 50 brine lakes rich in salts and therapeutic muds. Over 135 thousand hectares (5.2 percent of the territory) have been designated as nature conservation areas.

CLIMATE
Located between temperate and subtropical latitudes, the Crimean Peninsula enjoys a mild, nearly Mediterranean climate with plenty of warmth and sunshine (2180 to 2470 hours a year). The level steppe area in the north has a moderate continental climate with short almost snowless winters and moderately hot dry summers. Abundance of warmth and moisture makes Crimea suitable for crop farming.

NATURAL RESOURCES
Crimea has 346 known mineral deposits, of which 178 are under exploitation. The most abundant deposits are raw construction materials and minerals (159) as well as underground fresh and mineral water sources (87). Apart from that, the peninsula has deposits of therapeutic muds (26) and metallurgical raw materials (15).

- 30 free gas fields (around 47 billion cubic metres)
- 10 oil fields (2.8 million tonnes)
- 7 gas condensate fields (over 5 million tonnes)
- iron ore basin (250 square kilometres)
- commercial ore deposits (1.9 billion tonnes)

ADMINISTRATIVE DIVISIONS

The city of Sevastopol is located in the south-western part of the Crimean Peninsula is not under the jurisdiction of the Republic, but is rather one of the primary administrative units of Ukraine (along with 24 oblasts, the Autonomous Republic of Crimea and another centrally governed city – Kiev). The Sevastopol municipality area comprises 1100 square kilometres, and is home to a population of 380 thousand people.

GOVERNMENT
The regional authorities in the Autonomous Republic of Crimea are the Supreme Council (Verkhovnaya Rada) of the Autonomous Republic of Crimea as its representative body and the Council of Ministers of the Autonomous Republic of Crimea as its administrative body. The Chairperson of the Council of Ministers (Prime Minister) of the Autonomous Republic of Crimea is appointed by the Supreme Council of the Autonomous Republic of Crimea with the consent of the President of Ukraine. The Council of Ministers is formed by the Supreme Council of the Autonomous Republic of Crimea during their term in office. The Constitution of the Autonomous Republic of Crimea was adopted at the second session of the Supreme Council of the Autonomous Republic of Crimea on 21 October 1998 and became effective on 11 January 1999.
EXCEPTIONAL OPPORTUNITIES FOR BUSINESS GROWTH

Ukraine is a window of opportunity for investors, and the Autonomous Republic of Crimea is among the most attractive regions for investment in the country. In recent years, the ARC’s gross value added has increased steadily, an indication of sustainable growth of the region’s economy. Index of growth in Crimean industry have gone up 4.3 percent and export volumes have gone up by 20.3 percent in 2011 in comparison to 2010.

With two million residents and growing birth rates, Crimea has positive demographic trends and potential for developing a large domestic market. The purchasing power of Crimean consumers has been growing impressively with a staggering 15.3% increase in nominal wages in 2011.

Competitive prices for services and resources as well as tax incentives enable investors to substantially reduce business costs and increase profitability. Since 1 April 2011, the tax rate on profits has been reduced from 25 to 23 percent and is scheduled to be gradually lowered to 16% by 2014. Apart from that, the newly adopted Tax Code introduced ten-year profits tax exemptions for light industries and hotel business. Furthermore, any company assets invested in modernization and innovation are exempt from the profits tax.

ACCESS TO UKRAINIAN AND BLACK SEA MARKETS

Crimea’s unique location and export potential stimulate the development of its road transportation system and facilitate its integration into international transportation networks. Crimea is an excellent springboard for expansion.
into the Ukrainian and Russian markets as well as other markets on the Black Sea Coast. The sea ports of Sevastopol, Yalta, Feodosia, Kerch and Eupatoria connect the peninsula with the Krasnodar Territory of the Russian Federation, Georgia, Turkey, Bulgaria, Romania and, through the Bosphorus, the Dardanelles and the Strait of Gibraltar, with practically every country and port in the world.

A powerful impetus to intensifying exports from the region will be provided by Ukraine’s accession to the free trade area within the CIS in May 2011 as well as a free trade agreement with the European Union expected to be signed in the nearest future.

EXCELLENT HUMAN CAPITAL AT COMPETITIVE PRICES

Over one third of Crimea’s labour force holds higher education degrees from more than three dozen institutions of higher education located in the region in highly-needed fields as agriculture, food and processing industries, business and management, engineering, construction, energy, medicine, and balneology. These highly qualified human resources are available at competitive prices, since average wages in the ARC are much lower than labour costs in the developed European countries as well as the other Black Sea countries.

DOING OUR BEST TO FACILITATE INVESTMENT ACTIVITIES

The Crimean authorities are already taking steps to improve the investment climate on the peninsula: a network of resources for investors is being developed, a Council of Investors in Crimea has been created, and a Regional Development Agency is up and running as a one stop shop for investors.

Distances from the Port of Sevastopol to some other Black Sea ports (km)

<table>
<thead>
<tr>
<th>Port</th>
<th>Distance (miles)</th>
<th>Distance (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Odessa</td>
<td>158</td>
<td>254.22</td>
</tr>
<tr>
<td>Constanta</td>
<td>212</td>
<td>341.11</td>
</tr>
<tr>
<td>Varna</td>
<td>154</td>
<td>247.79</td>
</tr>
<tr>
<td>Istanbul</td>
<td>299</td>
<td>481.09</td>
</tr>
<tr>
<td>Batumi</td>
<td>419</td>
<td>674.17</td>
</tr>
<tr>
<td>Novorossiysk</td>
<td>219</td>
<td>352.37</td>
</tr>
</tbody>
</table>

Source: World Shipping Register

Average wages (euro):

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crimea</td>
<td>214</td>
</tr>
<tr>
<td>Ukraine</td>
<td>254</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>410</td>
</tr>
<tr>
<td>Romania</td>
<td>365</td>
</tr>
<tr>
<td>Turkey</td>
<td>446</td>
</tr>
<tr>
<td>Georgia</td>
<td>372</td>
</tr>
<tr>
<td>Russia</td>
<td>452</td>
</tr>
</tbody>
</table>

Source: State Statistical Committee of Ukraine (Derzhkomstat) as well as the national statistical offices of Bulgaria, Romania, Turkey, Georgia and Russia

Human Development Index

<table>
<thead>
<tr>
<th>Country</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ukraine</td>
<td>0,729</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>0,771</td>
</tr>
<tr>
<td>Romania</td>
<td>0,781</td>
</tr>
<tr>
<td>Turkey</td>
<td>0,699</td>
</tr>
<tr>
<td>Georgia</td>
<td>0,733</td>
</tr>
<tr>
<td>Russia</td>
<td>0,755</td>
</tr>
</tbody>
</table>

Source: UNDP Report – Human Development Index 2011
Crimea is home to around 2 million inhabitants, living mostly in urban areas. As urbanization progresses, new towns and urban settlements are springing up, with the number of rural communities remaining relatively stable. About one quarter of Crimea’s population live in the capital of the republic – the city of Simferopol and the Simferopolsky District. Another 25 percent are concentrated in the cities of Kerch, Yalta, Eupatoria and Feodosia.

The majority of Crimea’s population are young and middle-aged people. More than half are women (54 percent). Birth rates in the region are showing steady growth, with average life expectancy currently around 70 and gradually increasing.

The republic is home to more than one hundred ethnic groups with Russians, Ukrainians and Crimean Tatars being the largest. The principal religions in the region are Orthodox Christianity and Islam.

The republic numbers nearly 740 thousand households. The average monthly income per household is around 3.5 thousand hryvnias (about 440 US dollars).

<table>
<thead>
<tr>
<th>Resident population, thousand people*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomous Republic of Crimea</td>
</tr>
<tr>
<td>Urban areas</td>
</tr>
<tr>
<td>Rural areas</td>
</tr>
</tbody>
</table>

* as of 1 February 2011, based on the data provided by the Head Statistical Office of the ARC

<table>
<thead>
<tr>
<th>Age profile of population of Crimea, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
</tr>
<tr>
<td>15-24</td>
</tr>
<tr>
<td>25-44</td>
</tr>
<tr>
<td>45-64</td>
</tr>
<tr>
<td>65 &lt;</td>
</tr>
</tbody>
</table>

Source: Head Statistical Office of the ARC

<table>
<thead>
<tr>
<th>Household income per capita, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
</tr>
<tr>
<td>Over low</td>
</tr>
<tr>
<td>Middle</td>
</tr>
<tr>
<td>High</td>
</tr>
</tbody>
</table>

Source: Head Statistical Office of the ARC
Crimean educational institutions train specialists for nearly every sector of the region’s economy. The ARC’s educational system has an extensive network of institutions, including 724 preschool and out-of-school educational facilities, 615 comprehensive secondary schools, 30 vocational schools and 32 institutions of higher education. Of particular significance are the following institutions of higher education:

- Taurida National Vernadsky University,
- Crimean State Medical Georgiyevsky University,
- South Branch of the National University of Bioresources and Nature Management of Ukraine (Crimean Agrotechnological University),
- National Academy of Environmental and Resort Development.

Over 2.5 thousand people are doing scientific research in more than 100 scientific research and design institutes, planning and design offices and experimental research stations.
The Crimean economy has been growing steadily, as a result of increasing gross value added in the republic. The most important segment of Crimea’s economy is industry, which accounts for nearly 25 percent of the total fixed asset value of the region and is represented by over 2 thousand enterprises employing around 100 thousand people. Over 80 percent of the aggregate industrial output in the ARC comes from manufacturing, 6 percent from extractive industries and the remaining 14 percent from energy, gas and water production and distribution enterprises.
According to the development strategy of the ARC designed and adopted by the ARC Verkhovna Rada in 2010, the industrial sector of Crimea’s economy is to be built as a driver of innovative investment-based development of the republic. The future of Crimea’s industry lies in creating high-tech environment-friendly industries.

At present, one out of nine industrial enterprises in the republic is innovative. Most of the innovative enterprises are engaged in mechanical engineering, manufacturing and chemical production. Half of them export their produce, reflected in the 20.3 percent rise in exports in 2011.

Since July 2010, Standard & Poor’s Ratings Services confirmed B-/uaBBB- credit rating of the Autonomous Republic of Crimea, with a “stable” forecast.

Chemical and petrochemical industries constitute nearly one quarter of the aggregate industrial output in the region. Crimea is home to some of the largest chemical enterprises, which hold a monopoly in Ukraine and the CIS and largely account for the principal export flows from the republic.

Crimea’s mechanical engineering specializes in producing electrical machinery and electronics, radio and TV sets, communication facilities, optical and navigation devices as well as shipbuilding. Crimea’s shipbuilding potential is well-known far outside Ukraine since nearly one half of the world’s hydrofoil boats are built in Crimean docks.

Crimea’s construction industry benefits from the region’s rich raw material resources for construction, intensive use of various advanced construction materials and technologies, and affordable and available skilled labour with experience working in arduous site conditions.

The traditional strengths of Crimea’s agriculture sector have been grape growing, winemaking and gardening. The total agricultural land area encompasses over 1800 thousand hectares. Crimea’s mild climate is suitable for producing most temperate zone crops as well as some subtropical ones.

<table>
<thead>
<tr>
<th>Breakdown of added value generation by sectors in Crimea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
</tr>
<tr>
<td>Trade</td>
</tr>
<tr>
<td>Transportation</td>
</tr>
<tr>
<td>Agriculture</td>
</tr>
<tr>
<td>Real Estate</td>
</tr>
<tr>
<td>Health Care</td>
</tr>
<tr>
<td>Public Administration</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Construction</td>
</tr>
<tr>
<td>Hotels and Restaurants</td>
</tr>
<tr>
<td>Finance</td>
</tr>
<tr>
<td>Public utilities</td>
</tr>
</tbody>
</table>

Source: Head Statistical Office of the ARC, 2012

### Composition of product sales (by industries) (January – December 2011)

<table>
<thead>
<tr>
<th></th>
<th>million hryvnias</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>18 726,8</td>
<td>100,0</td>
</tr>
<tr>
<td>Extractive and manufacturing industries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extractive industries</td>
<td>13 694,7</td>
<td>73,1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12 759,4</td>
<td>68,1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production of food and tobacco goods</td>
<td>3 343,3</td>
<td>28,5</td>
</tr>
<tr>
<td>Light industry</td>
<td>17,3</td>
<td>0,05</td>
</tr>
<tr>
<td>Pulp and paper industry, publishing</td>
<td>116,5</td>
<td>0,6</td>
</tr>
<tr>
<td>Chemical and petrochemical industries</td>
<td>4 395,7</td>
<td>23,5</td>
</tr>
<tr>
<td>Production of other non-metal mineral products</td>
<td>429,6</td>
<td>2,3</td>
</tr>
<tr>
<td>Metallurgy and production of finished metal goods</td>
<td>389,0</td>
<td>2,1</td>
</tr>
<tr>
<td>Mechanical engineering</td>
<td>2 034,6</td>
<td>10,9</td>
</tr>
<tr>
<td>Energy, gas and water production and distribution</td>
<td>5 032,4</td>
<td>26,9</td>
</tr>
</tbody>
</table>

Source: Head Statistical Office of the ARC, 2012
Crimea’s economy is attractive to foreign investors: as of beginning of 2012, the total value of foreign direct investment (FDI) to the ARC’s economy was 1166.3 million US dollars with per capita FDI amounting to 815.6 US dollars.

### Geographic composition of commodity trade in 2011, thousand US dollars

<table>
<thead>
<tr>
<th>Region</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIS</td>
<td>297 732,8</td>
<td>115 369,1</td>
</tr>
<tr>
<td>Europe</td>
<td>166 493,1</td>
<td>550 582,2</td>
</tr>
<tr>
<td>Asia</td>
<td>140 441,0</td>
<td>784 752,1</td>
</tr>
<tr>
<td>Africa</td>
<td>13 806,4</td>
<td>1474,9</td>
</tr>
<tr>
<td>America</td>
<td>57 066,4</td>
<td>13 831,0</td>
</tr>
<tr>
<td>Australia and Oceania</td>
<td>1 926,6</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>677 466,3</strong></td>
<td><strong>1 466 047,7</strong></td>
</tr>
</tbody>
</table>

Source: Head Statistical Office of the ARC, 2012

### FDI inflows into the ARC’s economy (by industries) as of 31 September 2011

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>27,9</td>
</tr>
<tr>
<td>Industry</td>
<td>22,5</td>
</tr>
<tr>
<td>Extractive industries</td>
<td>1,1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16,4</td>
</tr>
<tr>
<td>Chemical and petrochemical industries</td>
<td>12,5</td>
</tr>
<tr>
<td>Mechanical engineering (machine construction)</td>
<td>2,0</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>11,5</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>8,3</td>
</tr>
<tr>
<td>Trade</td>
<td>2,2</td>
</tr>
<tr>
<td>Agriculture and related services</td>
<td>1,3</td>
</tr>
<tr>
<td>Finance</td>
<td>0,5</td>
</tr>
<tr>
<td>Real estate transactions</td>
<td>14,1</td>
</tr>
<tr>
<td>Education</td>
<td>0,1</td>
</tr>
<tr>
<td>Health care</td>
<td>8,5</td>
</tr>
<tr>
<td>Culture and sports</td>
<td>3,5</td>
</tr>
</tbody>
</table>

Source: Head Statistical Office of the ARC, 2012

### FDI inflows into the ARC’s economy (by countries)

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount, million US dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation</td>
<td>322,1</td>
</tr>
<tr>
<td>Germany</td>
<td>53,3</td>
</tr>
<tr>
<td>Cyprus</td>
<td>268,7</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>79,8</td>
</tr>
<tr>
<td>UK</td>
<td>55,4</td>
</tr>
<tr>
<td>Seychelles</td>
<td>31,7</td>
</tr>
<tr>
<td>USA</td>
<td>33,7</td>
</tr>
<tr>
<td>France</td>
<td>30,9</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>2,5</td>
</tr>
<tr>
<td>Belarus</td>
<td>13,1</td>
</tr>
</tbody>
</table>

Source: Head Statistical Office of the ARC, 2012
### Commodity composition of foreign trade

<table>
<thead>
<tr>
<th></th>
<th>Exports, %</th>
<th>Imports, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products of the chemical or related industries</td>
<td>53,1</td>
<td>1,4</td>
</tr>
<tr>
<td>Transportation vehicles and road equipment</td>
<td>9,0</td>
<td>11,0</td>
</tr>
<tr>
<td>Mechanical equipment (machines and mechanisms, electrical equipment)</td>
<td>12,8</td>
<td>66,6</td>
</tr>
<tr>
<td>Base metals and articles of base metal</td>
<td>4,2</td>
<td>6,4</td>
</tr>
<tr>
<td>Vegetable products</td>
<td>2,4</td>
<td>2,2</td>
</tr>
<tr>
<td>Prepared foodstuffs</td>
<td>2,9</td>
<td>1,2</td>
</tr>
<tr>
<td>Mineral products</td>
<td>11,4</td>
<td>4,4</td>
</tr>
<tr>
<td>Animal products</td>
<td>0,2</td>
<td>0,4</td>
</tr>
<tr>
<td>Textiles and textile articles</td>
<td>0,1</td>
<td>0,8</td>
</tr>
<tr>
<td>Articles of plaster and cement</td>
<td>0,1</td>
<td>0,4</td>
</tr>
<tr>
<td>Polymeric materials, plastics, rubber</td>
<td>0,5</td>
<td>1,6</td>
</tr>
</tbody>
</table>

Source: Head Statistical Office of the ARC, 2012
HUMAN RESOURCES
With a working age population of nearly 1.2 million people, out of which 883 thousand people are contributing to the economy, Crimea is a region with huge labour potential.

Skilled labour is available in Crimea at quite competitive prices. For example, average monthly wages in 2011 amounted to UAH 2,295 (EUR appx. 209), which is half of the going rate in Romania or Georgia and 2.5 times lower than in Russia or Turkey.

**Key labour market trends:**

- human resources are drifting from rural areas into cities and towns;
- excess labour in cities, towns and urban settlements where the recreation industry is not the main sector of economic activity;
- the population is becoming younger;
- manpower resources are increasing as formerly deported people are returning to Crimea

<table>
<thead>
<tr>
<th>Sector of economic activity</th>
<th>Average monthly wages, UAH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and related services</td>
<td>1,863</td>
</tr>
<tr>
<td>Industry</td>
<td>2,735</td>
</tr>
<tr>
<td>Construction</td>
<td>1,734</td>
</tr>
<tr>
<td>Trade</td>
<td>1,606</td>
</tr>
<tr>
<td>Hotel and restaurant business</td>
<td>1,993</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>3,182</td>
</tr>
<tr>
<td>Finance</td>
<td>3,632</td>
</tr>
<tr>
<td>Real estate business, rent, engineering</td>
<td>2,232</td>
</tr>
<tr>
<td>Public administration</td>
<td>2,848</td>
</tr>
<tr>
<td>Education</td>
<td>2,112</td>
</tr>
<tr>
<td>Health care and social work</td>
<td>1,916</td>
</tr>
<tr>
<td>Utilities, culture and sports</td>
<td>1,923</td>
</tr>
</tbody>
</table>

**Unemployment rates in the ARC based on the ILO methodology, percentage of the total age group population, %**

| Population aged between 15 and 17 | 6,1 |
| Age-dependent population | 6,7 |

Source: Head Statistical Office of the ARC

**Employees’ average monthly wages (by sectors of economic activity) in 2011**

- Agriculture and related services: UAH 1,863
- Industry: UAH 2,735
- Construction: UAH 1,734
- Trade: UAH 1,606
- Hotel and restaurant business: UAH 1,993
- Transport and communications: UAH 3,182
- Finance: UAH 3,632
- Real estate business, rent, engineering: UAH 2,232
- Public administration: UAH 2,848
- Education: UAH 2,112
- Health care and social work: UAH 1,916
- Utilities, culture and sports: UAH 1,923

Source: Head Statistical Office of the ARC

**Employee numbers (by sectors of economic activity) in 2011**

- Agriculture and related services: 26,965 employees
- Industry: 67,361 employees
- Construction: 17,014 employees
- Trade: 27,979 employees
- Hotel and restaurant business: 12,468 employees
- Transport and communications: 40,373 employees
- Finance: 8,451 employees
- Real estate business, rent, engineering: 26,766 employees
- Public administration: 28,576 employees
- Education: 59,158 employees
- Health care and social work: 75,013 employees
- Utilities, culture and sports: 18,923 employees
- Other sectors: 1,513 employees
- Total: 410,560 employees

Source: Head Statistical Office of the ARC
ENERGY
Crimea’s power suppliers are Krymenergo PLC and its subsidiary Vostochno Krymskaya Energeticheskaya Kompania CJSC. Krymenergo PLC has on its register 31.9 thousand kilometres of 0.4-110 kW overhead transmission lines and 3.88 thousand kilometres of cable lines. Over the past three years, the company has been drawing more than UAH 100 million of internal funds annually to reconstruct its 0.4-110 kW network.

The ARC produces less than 10 percent of its energy needs. More than 90 percent of power used in the region is imported from mainland Ukraine via 220/330 kW transmission network through the Isthmus of Perekop and the Chongar Peninsula. Power is supplied through interconnecting mains (three 330 kW and one 220 kW high-voltage lines), amounting to an aggregate transmission capacity of around 1 250 MW.

The total rated capacity of all the heat and power plants in Crimea is 143 MW. The largest power generation company is Krymteploelectrozentral PLC (KrymTEZ PLC).

Other large power generation companies include Krymskaya Energeticheskaya Kompaniya JV, Energo Alternativa PLC and Krymsky Titan CJSC.

With a production capacity of around 59 MW, Crimean wind farms account for more than half of all the wind energy generated in Ukraine. Crimea’s 4 state-run wind farms (Donuzlavskaya, Vodenergoremnaladka, Tarkhankutskaya and Vostochno Krymskaya) generated as much as 40.4 million kWh of energy in 2010. Production will be drastically expanded in the future through 16 wind energy investment projects, with construction on Kazantipskaya (100 MW) and Bakhchisarayskaya (200 MW) wind farms expected to start in 2011.

GAS TRANSPORTATION
The existing gas transportation system in Crimea is part of the national one and comprises 1 546.3 kilometres of gas mains, including 284.6 kilometres of underwater pipelines. Crimea’s total gas demand is around 1.8 billion cubic metres with 1.1 billion cubic metres produced locally in the region.

Glebovskoye underground gas storage, whose total capacity is 3 billion cubic metres (the operational
capacity of active gas being 1 billion cubic metres), is an important strength of Crimea’s gas transportation system since the storage can supplement any day-to-day or seasonal irregularities of gas consumption during the heating season. The total length of the gas distribution network in the ARC is 9296.3 kilometres, with 68% of the ARC connected to the gas supply network.

WATER RESOURCES
The principal source of water for Crimea’s economy, particularly its agricultural sector, is the North Crimean Canal which provides 85% of the peninsula’s water demand. Apart from that, local surface water sources (6.4 percent), ground water (7.6 percent) and sea water (1 percent) meet the region’s remaining water supply needs. The republic has been exploiting only a fraction of its existing water resources, principally for local recreation industry purposes. Thus, having nearly 100 mineral springs, Crimea is using only 2 percent of its total reserves. Furthermore, the peninsula has 12 known therapeutic mud deposits, of which only 3 are currently being used for spa treatments.

COMMUNICATIONS
In terms of telecommunications and other communication facilities, Crimea is ahead of many regions in Ukraine.

Most of the peninsula, including the southern coast, major cities, highways as well as water space along the coast, is covered by cellular communication operators. Crimean cellular operators support 3G/UMTS, 3G/CDMA 2000 1x EVDO, GSM 900/1800, NMT - 450 and D-AMPS standards and provide all the mobile communication services needed for business.

Telephone communication services in Crimea are provided by 625 automatic switching centres. The major part of automatic switching centres in cities and towns are the most up-to-date digital (EWSD, Alcatel, SI2000 etc) exchanges (63.2 percent) with coordinate (23.3 percent), decade-step (7.7 percent) and quasi-electronic (5.8 percent) exchanges constituting the remaining 36.8 percent. In rural areas, telephone systems digital (electronic) exchanges account for only 12.8 percent whereas coordinate ones make up as much as 82.6 percent.

The peninsula has a highly well-developed Internet network, with over 40 Internet providers and more than 150 thousand people connected to the Internet.

<table>
<thead>
<tr>
<th>Major service providers:</th>
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<tbody>
<tr>
<td>Service provider</td>
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<tr>
<td>-------------------</td>
</tr>
<tr>
<td><strong>Gas supply</strong></td>
</tr>
<tr>
<td><strong>Power supply</strong></td>
</tr>
<tr>
<td><strong>Water supply and sewerage</strong></td>
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<tr>
<td><strong>Telecommunications</strong></td>
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</table>
TRANSPORT
Its advantageous geographical location makes the Crimean Peninsula an internationally important transportation hub. Transport and communications account for 10.1 percent of Crimea’s gross value added.

**Crimea’s road and transport sector features a developed system of transport connections, including:**

- a dense network of public highways (6254 km);
- 5 non-freezing commercial seaports: Kerch, Feodosia, Yalta, Eupatoria and Sevastopol;
- 2 ferry services: Kerch – Taman (Russian Federation) and Eupatoria – Zonguldak (Turkey);
- 4 airports: Simferopol International Airport, Kerch, Belbek and Dzhankoy cargo airfield;
- a railway system (operational length – 643.5 km, passenger traffic – more than 20 million people a year);
- motor transport (passenger traffic – more than 130 million people a year).

Crimean ports, specialized in general, bulk and fluid cargo, handle more than 12 million tonnes of cargo a year. The republic has 51 passenger and 13 cargo-and-passenger port terminals in operation with an overall length of 5541 running metres. Over 3.4 thousand people are presently employed in sea transport enterprises.

The Ministry of Transport and Communications of the Autonomous Republic of Crimea is exploring possibilities for developing yacht tourism, the air transportation market, especially in terms of using small aircraft, as well as establishing additional sea transport connections between Crimea and Turkey.

<table>
<thead>
<tr>
<th>Mode of transport</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail</td>
<td>65,3</td>
</tr>
<tr>
<td>Road</td>
<td>23,4</td>
</tr>
<tr>
<td>Pipelines</td>
<td>4,9</td>
</tr>
<tr>
<td>Water</td>
<td>6,4</td>
</tr>
<tr>
<td>Air</td>
<td>0,0</td>
</tr>
</tbody>
</table>
to improve the infrastructure and roads as well as create an enabling environment for business and dynamic economic growth. UAH 900 million have already been allocated in the 2011 Ukraine State Budget for the said purposes.

In addition to that, the ARC has been working on legislative mechanisms to introduce additional incentives for investors, such as 5-year profits tax exemptions as well as value added tax exemptions for any equipment or components purchased to implement an investment project.

Its advantageous geographical location, unique climate, bountiful natural resources, sophisticated transport infrastructure, stable legal and regulatory framework, and available low-cost skilled labour make Crimea one of the most attractive regions in Ukraine for investment.

Integral economic development has been set as one of the main priorities for the Crimean Autonomous Republic. The three-year Operational Plan for the Socioeconomic Development Strategy of the Autonomous Republic of Crimea 2011-2020 envisages implementation of a wide range of projects and initiatives.
TOURISM
Crimea’s recreation and tourism sector has over 3 thousand facilities, of which 64 percent are concentrated on the Southern Coast of Crimea, 16 percent are located in the western part of the peninsula, 10 percent in the centre and 5 percent in the north and east of Crimea. Crimea has more than 650 sanatoria, spas and health institutions, which offer primarily seasonal treatments and recreation and are concentrated mostly (97 percent) on the three-kilometre coastal strip. Health institutions offer vacationers spa and therapeutic mud treatments, sea and mountain air therapy, and recreation opportunities on their 517-kilometre-long beaches.

Development of Crimea’s hotel industry, specifically through attracted investment, is becoming a growing priority. There are currently more than 30 investment projects in the pipeline to develop the ARC’s hotel industry.

Prospective investors should also note opportunities to implement green and ethno-tourism projects. The Crimean Peninsula has all the prerequisites for successful development of this kind of tourism: spectacular mountains and vast plains, forests and steppes, seas and lakes, unique plant and animal life, coupled with an extensive network of natural, historic and ethnic landmarks. The republic has around 2000 archeological sites, 1279 historic landmarks, 250 architectural landmarks, 260 masterpieces of monumental art and 68 natural landmarks. In addition to that, due to its vast forest resources with 274.3 thousand hectares, hunting tourism is becoming increasingly popular on the peninsula.

Much attention has been given ARC to boosting yacht tourism in the ARC. Specifically, around 210 potential places for mooring yachts have been identified, an integrated system of yacht tourism infrastructure facilities is being created, and projects for constructing new marinas and upgrading the existing ones all along the Crimean coast are being developed.

AGRICULTURE AND RELATED INDUSTRIES
Crimea’s agro-industrial sector attracts investors with its fertile lands, available processing facilities, high domestic food demand during the tourist season as well as advantageous geographical location in terms of export. The core of the sector is agriculture, which provides the inhabitants of Crimea as well as vacationers with high quality foods. In addition to that, agriculture is a reliable input supplier for food industries and one of the key export sectors.

Quite significant in terms of its economic potential is also Crimea’s fishing industry with its high fish catches and other living water resource yields found in the Black Sea, the Sea of Azov and in the many inland lakes, ponds and rivers scattered around the peninsula. As one of the largest grape growing regions in Ukraine, Crimea’s winemaking potential is one of the most attractive parts of the ARC’s food industry for investors. Specifically, the peninsula is famous for its industrial varieties of grapes used to produce top quality wines, brandies, and juices that rival the finest world brands. Crimea is also actively engaged in cultivating essential oil plants (lavender, sage, roses etc) for industrial purposes, with their plantations occupying around 8 thousand hectares.

In the works are more than 100 investment propositions from Crimean agricultural producers with a total value of over 70 million US dollars and another 30 investment propositions from Crimean processors totalling ca. 33 million US dollars, all of them designed to attract investment in Crimea’s agriculture.

Among the key branches of Crimea’s agriculture in terms of investment opportunities are:

- processing berries, fruit and vegetables into convenience foods, canned foods, juices, juice concentrates and sauces;
- production of meat and fish products, including canned meat;
- cereal growing;
- grape growing and processing.
TRANSPORT

Crimea’s distinctive geographical location along with sophistication and attractiveness of some sectors of its economy stimulate the development of its road and transportation system and wet investors’ appetite.

Further development of Crimea’s highway system involves implementing a package of investment projects totalling around USD 2.3 billion, including:

- reconstruction of the internationally important Highway M17 (Kherson-Dzhankoy-Feodosia-Kerch), part of the European corridor E97 as well as the Silk Road;
- construction of a highway connecting Gvardyyskoye, Gluboky Yar and Yalta, which is expected to fast-track tourists’ access to the Southern Coast of Crimea;
- reconstruction of the highway between Belogorsk and Privetnoye, which is supposed to stimulate the development of infrastructure on the south-eastern coast of Crimea and create conditions for establishing an international-level resort.

Quite promising is also investors’ involvement in the reconstruction of the state-run Simferopol International Airport, which can accommodate any type of aircraft and ensure up to 13 thousand takeoffs a year.

Large-scale investments have already been committed to sea port upgrading projects in Yalta and Sevastopol, both ports being part of international cruise lines’ programmes and visited by cruise ships from many different countries. Specifically, the Yalta sea port upgrading project is expected to receive around UAH 2.2 billion from investors involved in the project.

Of some interest to investors is also a sea port industrial & logistics complex construction project around Lake Donuzlav. Apart from building the port itself, the implementation of the project is expected to significantly improve the transport infrastructure in western Crimea to effectively cope with anticipated cargo flows. Specifically, there are plans to develop the railway and highway networks and build an international airport. Furthermore, projected relocation of the cargo port from the city of Eupatoria to the Southern Spit of Lake Donuzlav will clear the site for a marina as well as a hotel and entertainment complex. The total project budget is estimated at USD 3.3 billion.

INDUSTRY

Industry is the main sector of Crimea’s economy, accounting for nearly 25 percent of the region’s total fixed asset value and 17.6 percent of its gross value added. The ARC’s industrial production is represented by such branches as mechanical engineering (including agricultural engineering), shipbuilding, chemical production, mining, and light and food industries. Crimea is a well-known supplier of food industry machinery, pneumatics, electric welding equipment, tankers, floating cranes and other shipbuilding produce.

The future of Crimea’s industry lies with innovative development, as is pointed out in the Development Strategy of the ARC designed in 2010. Year after year, more and more enterprises are getting involved in innovative activities.

Some of the most promising branches of Crimea’s industry in terms of investment are:

- high-tech instrument engineering;
- production of equipment for agriculture and processing industries;
- production of electronics and communication facilities.
EXTRACTIVE INDUSTRIES
The Crimean Peninsula has a vast wealth of mineral resources. As of today, 346 mineral deposits have been identified in Crimea, of which 178 are being exploited. The most abundant are deposits of construction raw materials and minerals, underground sources of fresh and mineral water as well deposits of therapeutic muds and metallurgical raw materials.

Crimea has unique hydromineral salt deposits, namely, Sivashskoye and Sasyk Sivashskoye, which account for about half of all the table salt and nearly all the magnesium salt mined in Ukraine.

The level plains and offshore areas of the peninsula have over 30 explored free gas fields (around 47 billion cubic metres), 10 explored oil fields (2.8 million tonnes) and 7 explored gas condensate fields (over 5 million tonnes). In addition to that, the peninsula has one third of Ukraine’s massive limestone reserves, a large number of facing stone and natural stone deposits used in building construction and road breakstone as well as a few deposits of ceramic raw materials and expandable clays. Crimea’s iron ore basin is over 250 square kilometres wide, with industrial ore reserves exceeding 1.9 billion tonnes.

ENERGY
Over 90 percent of Crimea’s energy demand is met by importing power from mainland Ukraine. Thus, The ARC government regards attracting investment in the energy sector to promote its intensive development as one of its highest priorities. Investors’ involvement in the energy sector can take on different forms. For example, there are plans to involve investors in a comprehensive Krymenergo PLC power network reconstruction project, particularly in reconstruction projects for substations as well as overhead and cable lines. Investors are encouraged to actively participate in projects aiming to develop renewable energy sources, whose technologically feasible annual energy capacity in Crimea can be as high as 6.6 million tonnes of equivalent fuel, or 5.7 billion cubic metres of natural gas.

Provisional estimates show that Crimea’s wind energy generation potential is among the highest in Europe. The peninsula has 2300 square metres of areas whose wind energy generation potential is sufficient for cost effective operation of wind farms – these areas can accommodate wind farms with a total capacity of 10 000 MW.

Potential capacity of explored subsurface geothermal water resources on the Crimean Peninsula is estimated at 1400 MV, enough to generate up to 150 billion kWh of thermal energy a year. The most substantial geothermal energy resources have been found on the Tarkhankut and Kerch Peninsulas as well as on Eupatoriyskoye, Chokrakskoye and Novoselovskoye fields.

Of all the regions in Ukraine, the ARC has the highest solar energy potential. Even with clouds, annual total solar radiation reaching Crimea is quite high, ranging between 1200 and 1400 kWh per square metre of horizontal surface a year. The incentives for developing solar heating programmes and using solar stations to heat water and buildings are extraordinarily high. In terms of developing this sector, Crimea is richly endowed with vast natural resources and has its own production basis. A favourable economic climate for operating solar stations is yet another huge opportunity awaiting entrepreneurial investors.
Crimea is a unique Black Sea region of Ukraine, a peninsula notable for its mild, nearly Mediterranean climate, extraordinary variety of natural conditions found in a relatively small area, multicultural diversity, comfortable lifestyle and numerous recreation opportunities. Its stunning mountain scenery, abundance of natural and historic landmarks, long sunny summers and warm sea make its coast a Ukrainian Riviera, an increasingly well-known and popular tourist destination in the world.

Permeated with history, Crimea possess a rich historic and cultural heritage: ruins of ancient cities and necropolises; Roman, Byzantine and Genoese fortresses; medieval "cave towns"; remnants of Muslim, Christian and Karaite architecture; and palaces and manors of Crimean Tatar and Russian aristocrats in the mountains and on the Southern Coast, to name but a few.

Theatres, cinemas, concert halls, museums and clubs in Simferopol, Sevastopol, Yalta and other Crimean cities and towns offer a wide choice and variety for those wishing to experience Crimea's traditional or modern culture and lifestyle. Aquaparks and amusements in Eupatoria, Sevastopol, Greater Yalta and Sudak; zoos in Yalta and Simferopol; dolphinariums in Alushta, Eupatoria, Koktebel, Sevastopol, Yalta and at the foot of Karadag provide many exciting experiences for children and adults during the hot season. Throughout the year, one can commune with the peninsula’s wildlife at Krymsky, Yaltinsky, Karadagsky, Kazantipsky and Opuksky nature reserves or at a number of landscape parks.
The Jazz Koktebel Festival and the modern electronic music Kazantip Festival held in Crimea annually have over the past few years become internationally renowned and continue to grow bigger every year. There are a number of world and ethnic music festivals held in the most attractive places along the Crimean coast, with dozens of new fresh and creative initiatives springing up every year.

Crimea can offer anything an active vacationer or an extreme sports enthusiast could possibly desire: sea, river and lake fishing, numerous diving schools and centres on the Southern and South-eastern Coasts, ballooning and parachuting in the Bakhchisaray area, mountain and steppe horseriding, windsurfing around Tarkhankut etc.

Gourmets will discover a unique variety of tantalizing Crimean dishes combining the best features of Crimean Tatar, Central Asian, Ukrainian and Russian cuisines, served with exotic dry and sweet Crimean wines. Recently quite plain and unimpressive, cafes, bars, restaurants and clubs in cities, towns and villages all along the Crimean coast, and especially in city centres and seafront areas, are now busy developing, renovating, making improvements and offering their customers increasingly better variety, quality and comfort.

Mountain, marine and steppe climates, warm and clean sea, mineral waters and highly effective therapeutic muds – Crimea has all this in abundance and offers this to its inhabitants and guests at its rapidly multiplying state-of-the-art hotels and spa resorts both at the seaside and the peninsula’s interior.

Crimea lies at a crossroads of Western and Eastern civilizations, at a juncture of religions, nations and cultures. Its multicultural society binds together people from many different ethnic groups in peace and harmony with each other, reflected in the republic’s relatively low crime rates.

Adding to the comfort of living on the peninsula is its convenient transport infrastructure with an extensive highway system. Simferopol International Airport has regular flights from the capital of the region to major airports of neighbouring countries.

Crimea offers a wide choice of accommodation and real estate for any business category, including a broad range of real property in unpolluted areas. Rent prices are quite competitive, ranging between UAH 1500 and 8000 a month, depending on the quality and size of an apartment. The cost of rented class B office space does not exceed UAH 100/m² a month.

Crimea’s educational system offers a wide variety of institutions for preschoolers and schoolchildren: day nurseries for very young children, kindergartens, comprehensive schools, gymnasium, and music and sports schools. Private educational institutions providing European level education in Turkish, English, Russian and Ukrainian are rapidly developing.
A wide range of investment projects are making successful headway in different sectors of Crimea’s economy, with CIS, EU and US companies being the most active investors. Due to Crimea’s natural landscape and climatic conditions, development of international resort industry is particularly attractive to foreign investors. Apart from that, a number of successful projects are being implemented in the construction sector, which is closely related to tourism development, as well as in agriculture and industry.

MAJOR SUCCESSFUL PROJECTS

Resorts:
- Cronos Ltd. – renovation, development, operation and maintenance of Albatross Sanatorium in the city of Alushta. Investor: Russian Federation.

Construction:
- Metro Cash & Carry Ltd. – construction of a shopping centre. Investor: Germany.
- Consol Ltd. – construction of multi-storied apartment houses in the city of Eupatoria. The project is funded by the company itself.

Industry:
- UKsnab CJSC – production of refrigeration equipment. Investor: Canada.
- Krymsky TITAN CJSC – development of titanium dioxide production, construction of a sulphuric acid production complex. Investor: Germany.
- AEGaz Terminal CJSC – construction of a liquefied hydrocarbon gas transhipment terminal. Investor: Kazakhstan.

Agriculture:
- Starokrymsky PLC – drip irrigation grape growing technology, mechanized pruning, removal and crushing of the vine.
- Avis Agro Sivash Ltd. – horticulture extension services.
CITIES AND DISTRICTS OF CRIMEA
SIMFEROPOL
Capital of the ARC and its administrative, economic and cultural centre.
Location: centre of the Crimean Peninsula.
Area: 107,4 km²
Population: 354,792 thousand people
Economic profile: Key revenue generating sector – industrial production, key branches: mechanical engineering and food industry.

ALUSHTA
Location: southern coast of Crimea, 45 km away from Simferopol.
Area: 600 km²
Population: 50,836 thousand people
Economic profile: Climatic health resort. One of the main grape growing and wine making centres in the country. Economic specialization: food and processing industries.

ARMYANSK
Location: north of the Crimean Peninsula, Isthmus of Perekop. Distance from Simferopol – 145 km.
Area: 162,4 km²
Population: 25,573 thousand people
Economic profile: Key revenue generating sector – industrial production, represented by Krymsky TITAN CJSC, the leading titanium dioxide producer in Eastern Europe.

DZHANKOY
Location: steppe area in the north of Crimea, around Lake Sivash. Distance from Simferopol – 96 km.
Area: 25,9 km²
Population: 36,025 thousand people
Economic profile: Major railway and transport junction. Key revenue generating sector – industrial production, particularly food industry.

EUPATORIA
Location: steppe area in the north-west of Crimea.
Distance from Simferopol – 64 km.
Area: 65,5 km²
Population: 120,352 thousand people
Economic profile: Climatic, balneological, mud cure and spa resort. Industrial production is represented mostly by food industries.

KERCH
Location: east of the Kerch Peninsula. Distance from Simferopol – 210 km.
Area: 107,6 km²
Population: 147,139 thousand people
Economic profile: Industrial city and a transport hub. Industrial production is represented by shipbuilding, ship repair and metal working enterprises. Food and fish processing is also developed. Transport infrastructure includes five sea ports.
KRASNOPEREKOPSK
Location: northern part of Crimea, Isthmus of Perekop, 120 km away from Simferopol.
Area: 22 km²
Population: 29,832 thousand people
Economic profile: Key revenue generating sector – industrial production, especially chemical industry and mechanical engineering.

SAKI
Location: western coast of the Crimean Peninsula. Distance from Simferopol – 40 km.
Area: 29 km²
Population: 23,150 thousand people
Economic profile: Mostly recreation and health resort industry. Major enterprises of the city specialize in food production.

SUDAK
Location: central part of the south-eastern coast of Crimea. Distance from Simferopol – 104 km.
Area: 539 km²
Population: 31,671 thousand people
Economic profile: The city specializes in recreation, agriculture (grape growing) and food production (wine making).

FEODOSIA
Location: south-eastern coast of Crimea. Distance from Simferopol – 116 km.
Area: 350 km²
Population: 105,554 thousand people
Economic profile: Key sectors of economy – transportation, industrial production and trade. Most of the freight traffic is handled by the sea commercial Port of Feodosia. Priority development sector – recreation.

YALTA
Location: southern coast of the Crimean Peninsula. Distance from Simferopol – 89 km.
Area: 283 km²
Population: 136,528 thousand people
Economic profile: Leading recreation and health resort area in Crimea. Greater Yalta’s industrial production includes power engineering, food industries and some other branches.
BAKHCHISARAYSKY DISTRICT
Location: foothills in the south-western part of the Crimean Peninsula. Distance from Simferopol – 32 km. Administrative centre – the city of Bakhchisaray.
Area: 1 589 km²
Population: 90,698 thousand people
Economic profile: Specialization – agriculture, resorts, recreation and industrial production, particularly mechanical engineering, metal working and production of construction materials.

BELOGORSKY DISTRICT
Location: central part of the Crimean Peninsula. Distance from Simferopol – 42 km. Administrative centre – the city of Belogorsk.
Area: 1 894 km²
Population: 64,168 thousand people
Economic profile: Key sector of economy – agriculture. Industrial production is represented largely by extractive industries.

DZHANKOYSKY DISTRICT
Location: steppe area in the north of Crimea. Distance from Simferopol – 98 km. Administrative centre – the city of Dzhankoy.
Area: 2 667 km²
Population: 74,811 thousand people
Economic profile: Mostly agricultural production with well-developed infrastructure. Important for the district’s economy are also processing industries with developing commerce and service sector.

KIROVSKY DISTRICT
Location: eastern part of the Crimean Peninsula. Distance from Simferopol – 100 km. Administrative centre – the urban settlement of Kirovskoye.
Area: 1 208 km²
Population: 54,268 thousand people
Economic profile: Agrarian district specializing in cereal growing, grape growing and livestock farming. Extractive industries are also present.

KRASNOGVARDEYSKY DISTRICT
Location: central part of the steppe Crimea. Distance from Simferopol – 68 km. Administrative centre – the urban settlement of Krasnogvardeyskoye.
Area: 1 766 km²
Population: 91,046 thousand people
Economic profile: Priority sectors are agriculture and food industry.

KRASNOPEREKOPSKY DISTRICT
Location: steppe area in the north of the Crimean Peninsula. Distance from Simferopol – 120 km. Administrative centre – the city of Krasnoperekopsk.
Area: 1 231.1 km²
Population: 29,949 thousand people
Economic profile: Highly developed industrial rice growing and other high-yielding branches of agriculture, state-of-the-art industrial production, commerce and services, developed recreation industry drawing on extensive local reserves of therapeutic muds and brine lakes.
LENINSKY DISTRICT
Location: Kerch Peninsula and the southern part of Arabatskaya Strelka. Distance from Simferopol – 160 km. Administrative centre – the urban settlement of Lenino.
Area: 2 919 km²
Population: 63,241 thousand people
Economic profile: Priority sectors – agriculture, health resorts, industrial production. Existing oil and gas fields create prospects for developing oil and gas production. Other mining activities in the district include massive and fluxing limestone quarrying and sand extraction.

NIZHNEGORSKY DISTRICT
Location: steppe area near Lake Sivash in the east of Crimea. Distance from Simferopol – 95 km. Administrative centre – the urban settlement of Nizhnegorsky.
Area: 1 212 km²
Population: 51,891 thousand people
Economic profile: Grain and livestock farming. With its 94.9 thousand hectares of hunting areas, the district has all the prerequisites for developing amateur sport hunting.

PERVOMAYSKY DISTRICT
Location: steppe area in the north-west of Crimea. Distance from Simferopol – 97 km. Administrative centre – the urban settlement of Pervomayskoye.
Area: 1 474 km²
Population: 35,676 thousand people
Economic profile: Key revenue generating sector – agriculture. Possibilities exist for developing processing industries. The district has extensive mineral resources and good potential for alternative energy generation.

RAZDOLNENSKY DISTRICT
Location: north-west of the steppe Crimea. Distance from Simferopol – 135 km. Administrative centre – the urban settlement of Razdolnoye.
Area: 1 231 km²
Population: 34,226 thousand people
Economic profile: District specialization – agriculture and recreation. Industrial production is represented by extractive industries.

SAKSKY DISTRICT
Location: steppe area on the western coast of the Crimean Peninsula. Distance from Simferopol – 46 km. Administrative centre – the city of Saki.
Area: 2 257 km²
Population: 78,498 thousand people
Economic profile: Key sector of economy – agriculture. Industrial sector is represented largely by production of construction materials.

SIMFEROPOLSKY DISTRICT
Location: around the city of Simferopol.
Area: 1 753 km²
Population: 157,533 thousand people
Economic profile: base of economy – agricultural production and processing. Industrial production includes production of nonmetaliferous materials, articles of rubber and plastics, fragrances and cosmetics, wines and spirits, sausages etc.
SOVETSKY DISTRICT
Location: east of Crimea. Distance from Simferopol – 105 km. Administrative centre – the urban settlement of Sovetsky.
Area: 1 080 km²
Population: 34,708 thousand people
Economic profile: Key sector – agriculture. Industrial production is represented by processing industries.

CHERNO MORSKY DISTRICT
Location: Tarkhankut Peninsula in the northernmost part of Crimea. Distance from Simferopol – 140 km. Administrative centre – the urban settlement of Chernomorskoye.
Area: 1 509 km²
Population: 32,088 thousand people
Economic profile: Priority sectors – agriculture and recreation. Recreation resources include ample reserves of therapeutic muds, sodium chloride brines and mineral waters.
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