

Murmansk region slide package for a foreign investor



Eini Laaksonen
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1. General information

a) Geographical facts

Area:

144 936 km²

Location:

on the Kola Peninsula in the northeastern part of Russia, having borders with Norway and Finland in the west and Karelia in the south

(Murmansk Government)

Distance from the city of Murmansk to Moscow is 1488 km and to Saint Petersburg 1018 km

Distance from the city of Murmansk to some European capitals:

Berlin 2099 km, Helsinki 1050 km,

London 2607 km, Madrid 3842 km

(www.geobytes.com)



1. General information

b) Basic facts

Largest cities:

Murmansk

Apatity

Severomorsk

Monchegorsk

(Murmansk Government)

Population (2008):

314 800

62 200

53 500

48 700

Share of urban population: 91,3 % (MurmanskStat)

Main industrial output:

Non-ferrous metals, energy, food and beverages, chemicals and petrochemicals

Natural resources:

Iron and copper-nickel ores, mica, apatite and other minerals, large gas-condensate deposits at the Barents Sea shelf, fish resources

(RA Expert)

1. General information

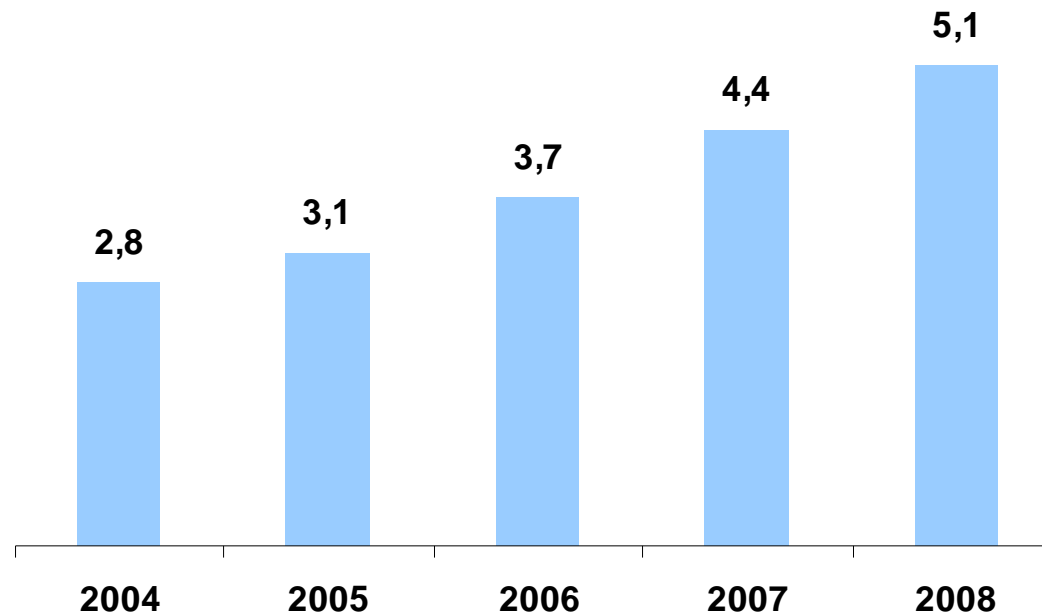
c) Transport infrastructure

- Advantageous geographical location at the crossroads of transit traffic and with direct access to international sea routes.
 - The Northern Sea Route, beginning from Murmansk, is a link between the Russian Far East and the western parts of the country, and it is also the shortest waterway between Europe and the northern parts of Asia Pacific.
- The total length of highways connecting the towns of Murmansk is 2568 km, and the length of railways in the Murmansk region is 870 km.
- The largest amount of cargo, over 60 % of total volume, is still transported by rail. In 2007 it reached 27,9 million tonnes, which is 12,7 % more than in year 2000.
- Sea transport has increased rapidly, reaching 7,7 million tonnes in 2007, which is 34,3 % more than in year 2000.
- Also road transport is increasing. During 2001-2005 the number of vehicles in the area increased from 154 to 177 thousand units. 232 million people are transported by road yearly. However, cargo transport by road has decreased, in 2000-2007 from 12 to 8,5 million tonnes.

Source: Murmansk Government

2. Regional economy

a) GRP (billion EUR, current prices)



Because of the decline in sectors such as extractive and manufacturing industries, power generation and construction, the development rate of GRP is likely to drop in 2009, reaching 97,8 % of the previous year's GRP.

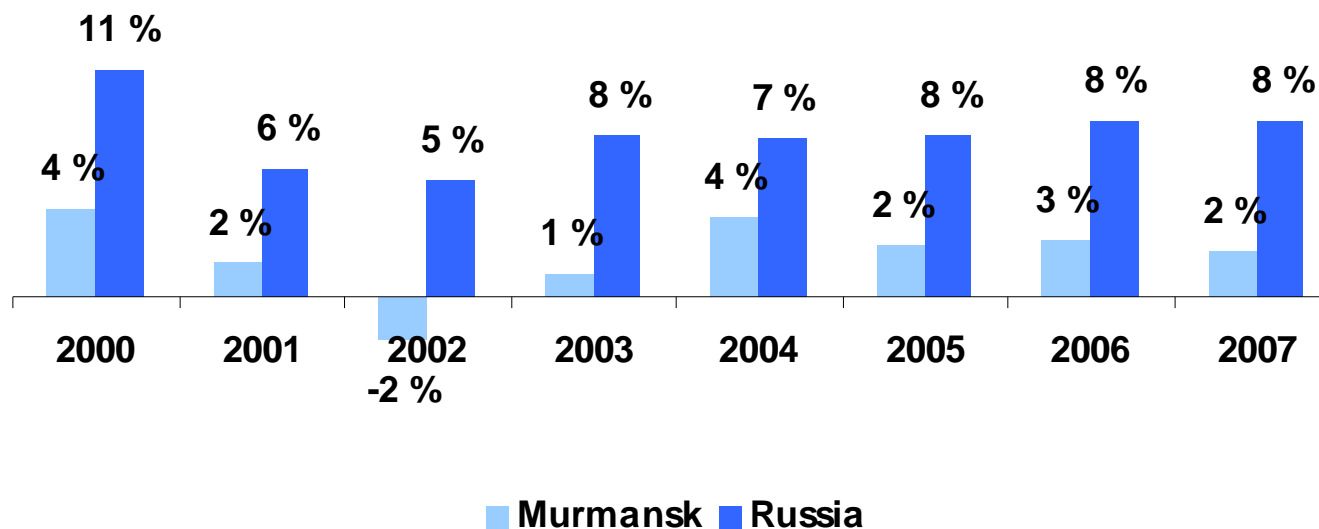
Source: MurmanskStat, Murmansk Regional Government

Exchange rate according to the Central Bank of the Russian Federation 23.6.2009,
EUR 1 = RUR 43,3216

2. Regional economy

b) The development of Murmansk GRP and Russia GDP

GDP annual change (constant prices)

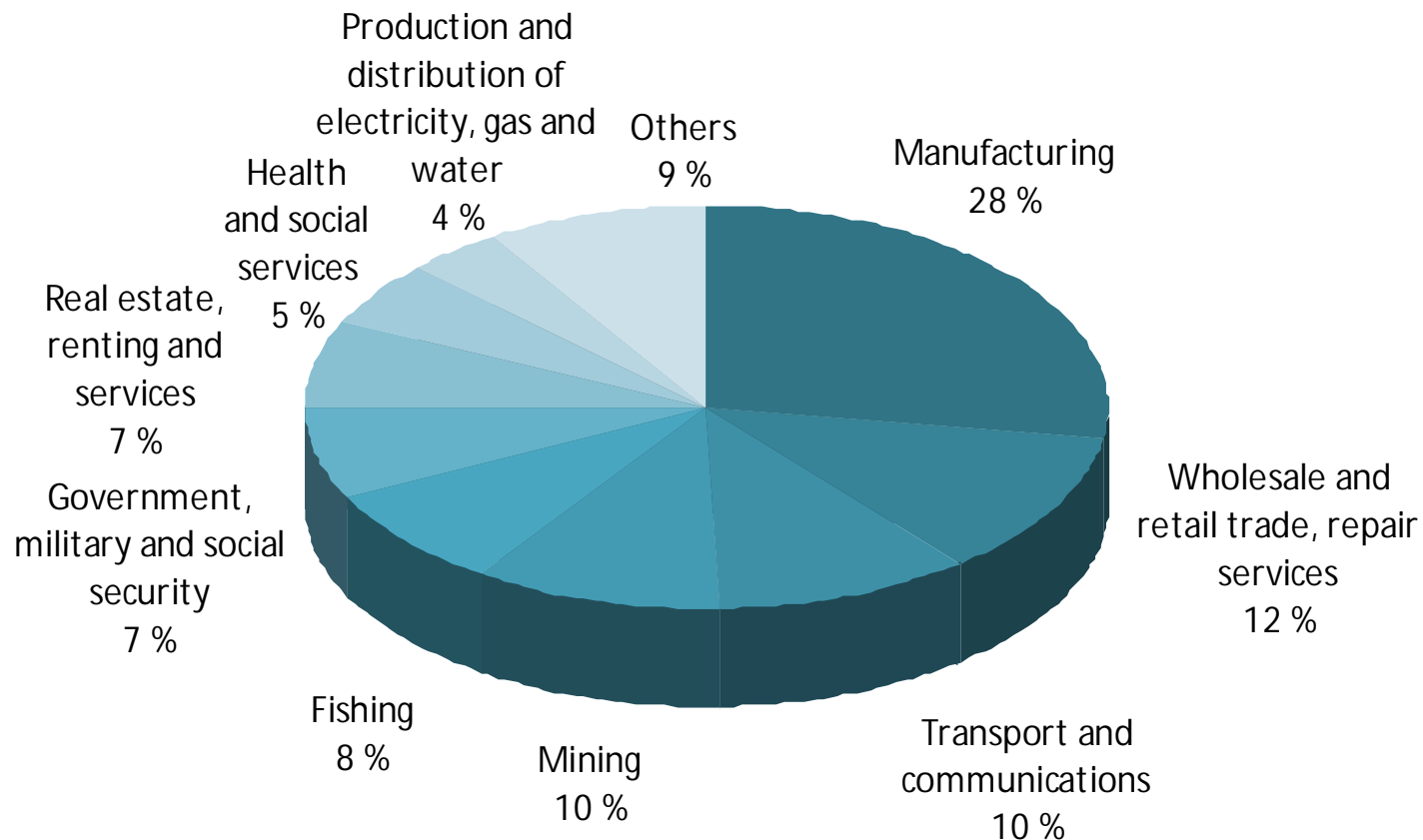


Source: Russian Federal State Statistics Service

The share of Murmansk in Russia's GDP was 0,68 % in 2007.

2. Regional economy

c) Structure of GRP by economic activity in 2007



Source: MurmanskStat

2. Economic development

d) Investment potential ranking

MURMANSK'S POSITION OUT OF 85 RUSSIAN REGIONS

	2006-2007
Ranking of investment potential	33
Labour potential	52
Consumption potential	49
Production potential	41
Financial potential	38
Institutional potential	39
Innovation potential	18
Infrastructure potential	36
Natural resource potential	13
Tourism potential	65
Ranking of investment risk	65

Source: RA Expert 2008

2. Economic development

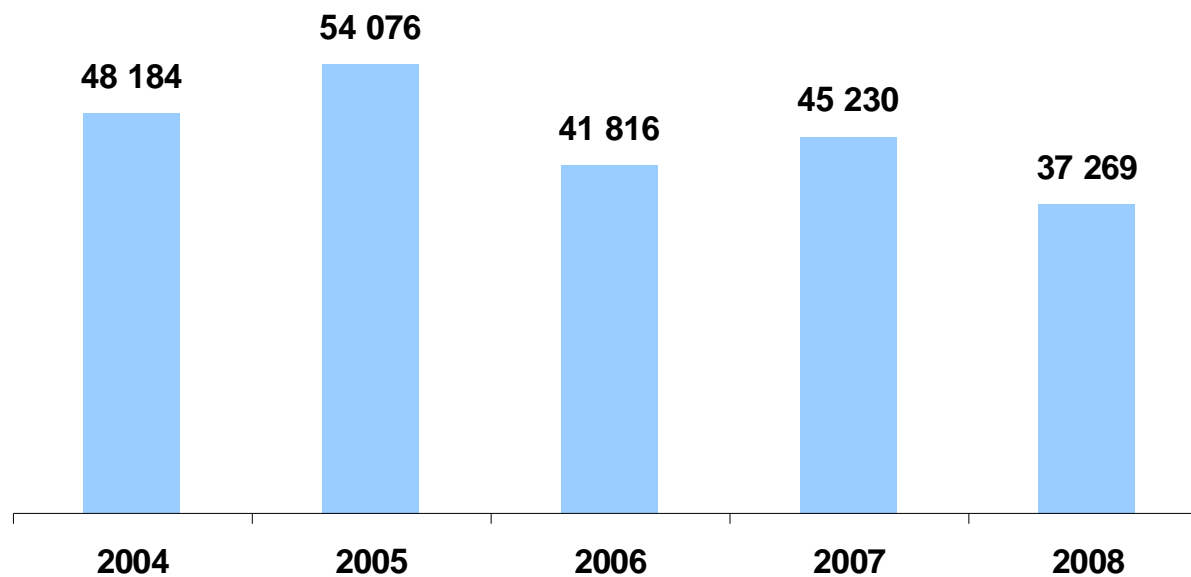
e) The 10 biggest enterprises in Murmansk Region

ОАО Олкон (ОАО Olkon)	Production of iron ore concentrate
ОАО Ковдорский горно-обогатительный комбинат (ОАО Kovdorskij gorno obogatitelnyj kombinat)	Processing of mineral raw materials
ОАО Апатит (ОАО Apatit)	Production of apatite concentrate
ОАО Ковдорслюда (ОАО Kovdorsljuda)	Manufacturing of mica products
ООО Ловозерский ГОК (ООО Lovozerskij GOK)	Extraction and processing of ores
ОАО Кольская ГМК (ОАО Kolskaja GMK)	Production of nickel and copper products
Филиал ОАО СУАЛ, КАЗ-СУАЛ (Filial ОАО SUAL, KAZ-SUAL)	Processing of aluminum
Филиал концерна Росэнергоатом, Кольская АЭС (Filial koncерна Rosehnergoatom, Kolskaja AEhS)	Nuclear power plant
Филиал Кольский, ОАО ТГК-1 (Filial Kolskij, ОАО TGK-1)	Hydroelectronic plant
ОАО Мурманский торговый порт (ОАО Murmanskij trgovyj port)	Sea port

Source: Murmansk Government

2. Regional economy

f) Transport volumes (thousand tonnes)



Source: MurmanskStat

2. Regional economy

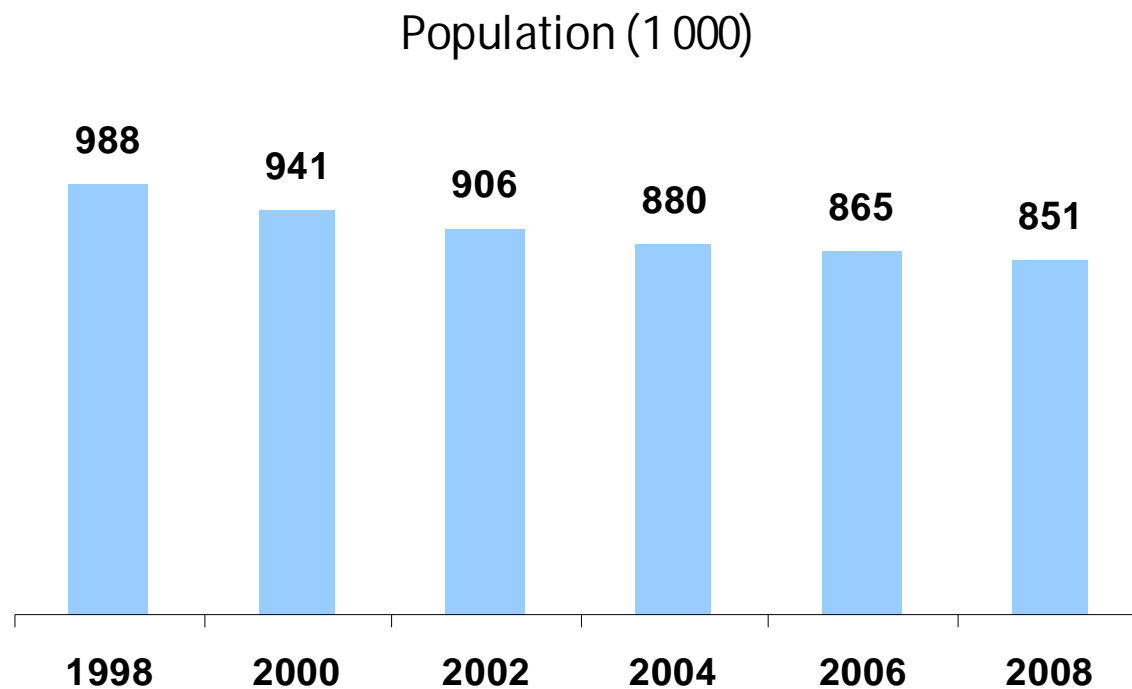
g) Transport volumes

	2004	2005	2006	2007	2008
Total, thousand tonnes transported	48 184	54 076	41 816	45 230	37 269
Rail transport	26 283	27 009	27 209	27 786	25 337
Road transport	14 702	20 884	7 999	9 766	4 521
Sea transport	7 199	6 182	6 608	7 677	7 411
Air transport	411	301	444	356	423

Source: MurmanskStat, Murmansk Government

2. Regional economy

h) Population



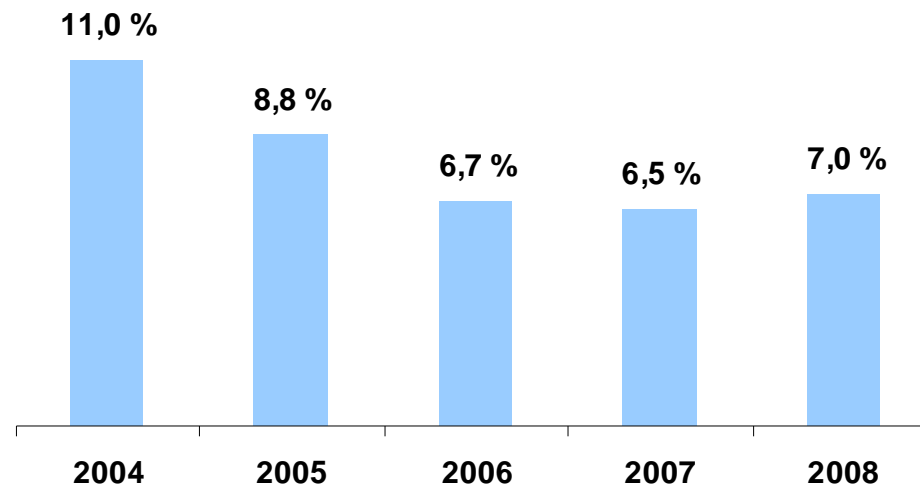
Source: Russian Federal State Statistics Service

2. Regional economy

i) Population and unemployment

	2004	2006	2008
Economically active population (1 000)	507,1	514,6	519,5
Of which unemployed (1 000)	55,6	34,6	36,2

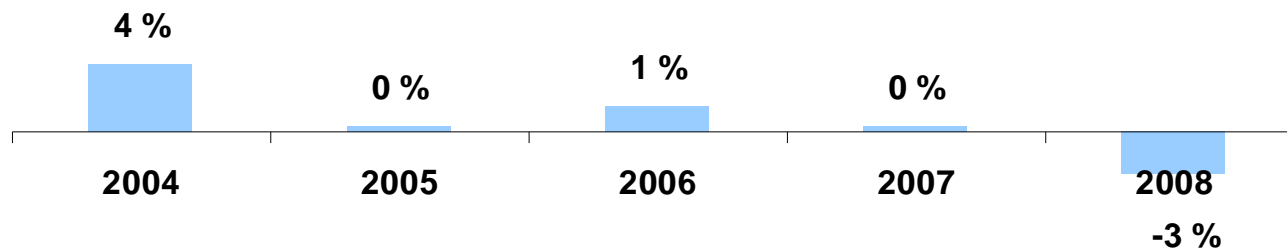
Unemployment



Source: MurmanskStat

2. Regional economy

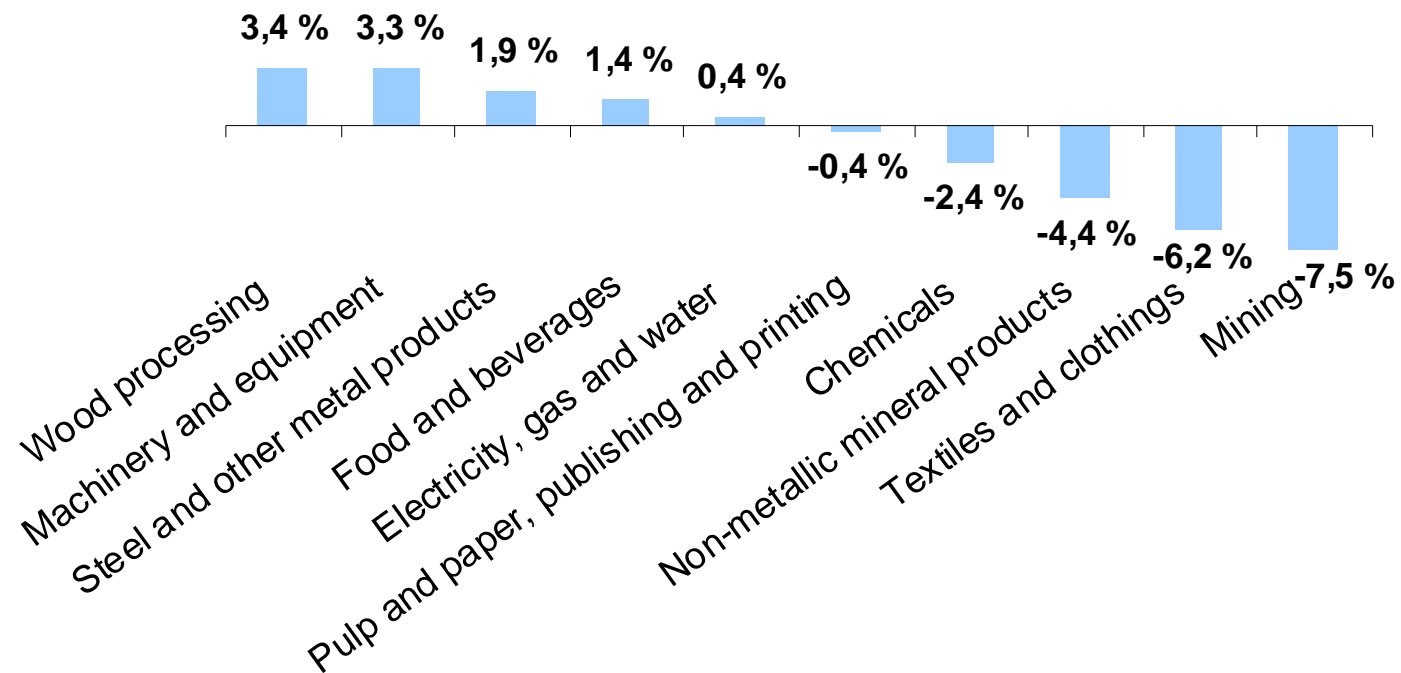
j) Change of industrial output



Source: Murmansk Government

2. Regional economy

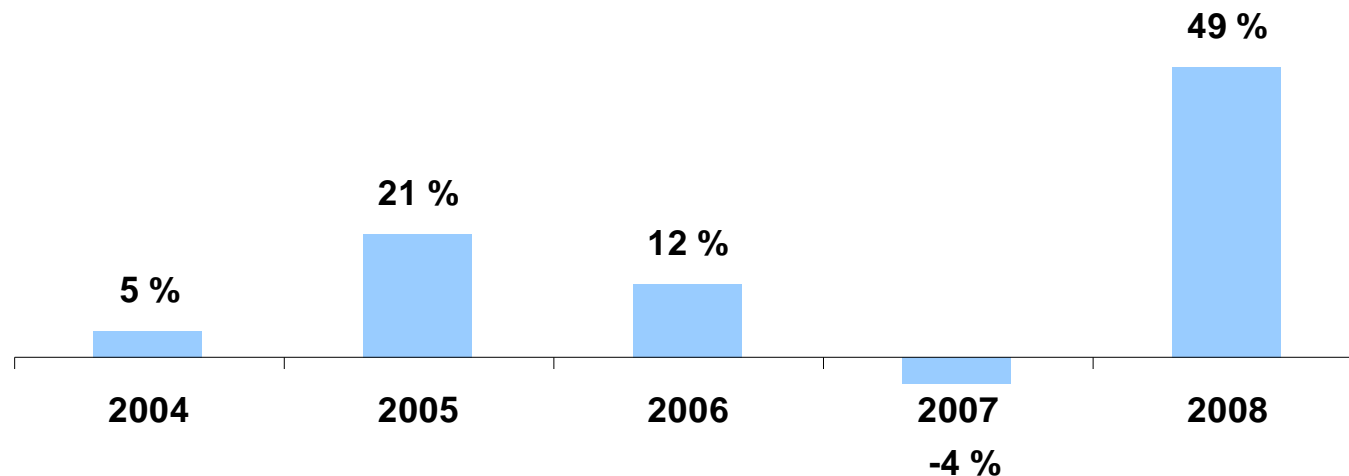
k) Change of industrial output by sectors in 2008



Source: MumanskStat

2. Regional economy

1) Investments in fixed capital (annual change)



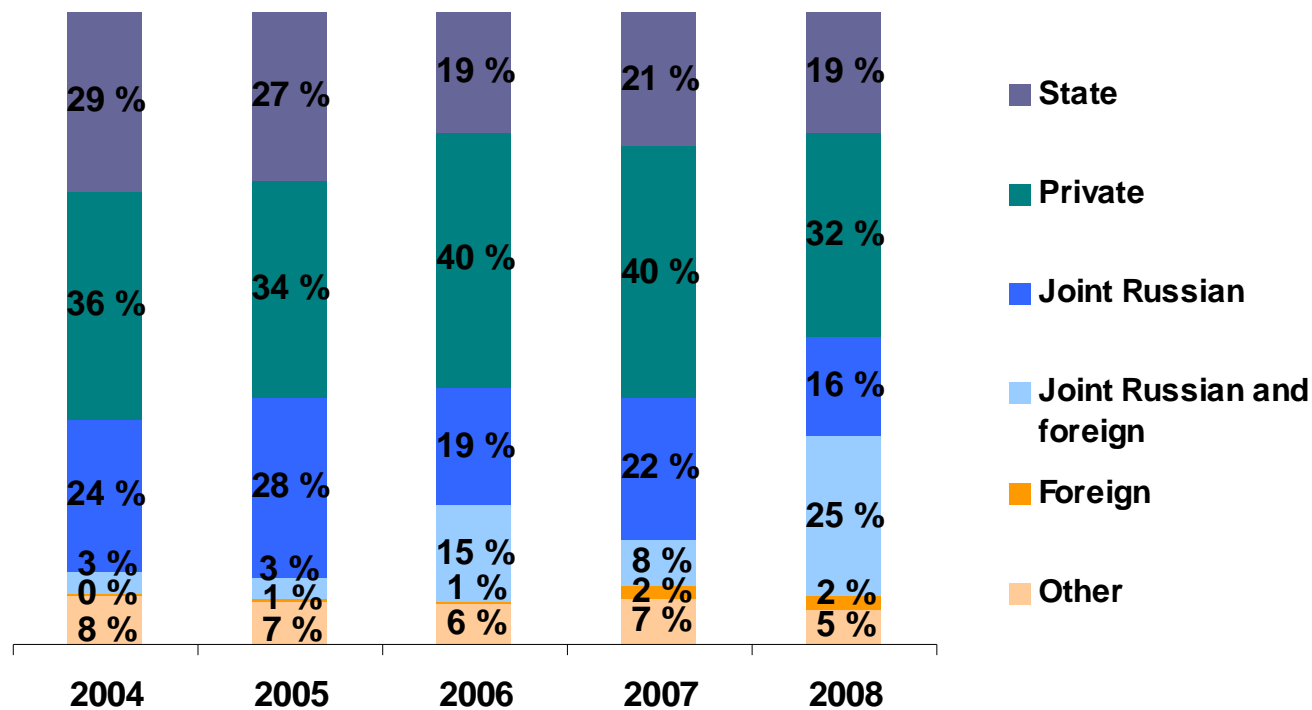
In 2008 the investments totaled EUR 202,3 billion.

Exchange rate according to the Central Bank of the Russian Federation 23.6.2009, EUR 1 = RUR 43,3216

Source: Murmansk Government, MurmanskStat

2. Regional economy

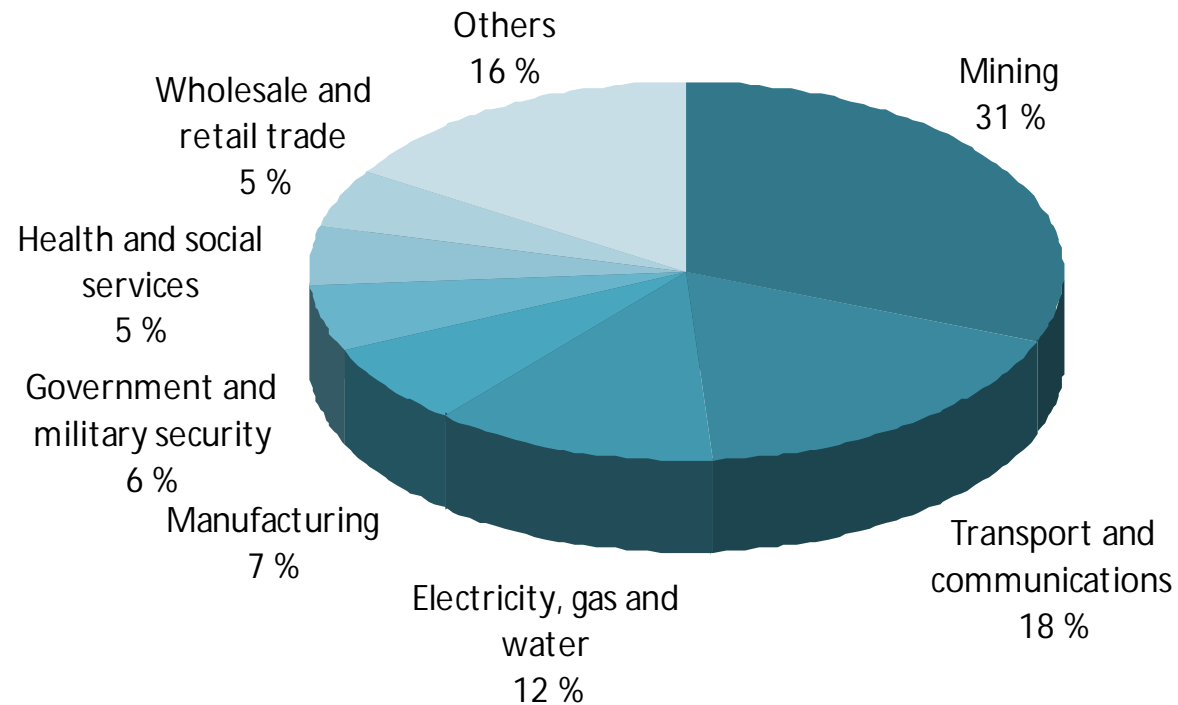
m) Sources of investments in fixed capital



Source: MurmanskStat

2. Regional economy

n) Main sectors receiving investments in fixed capital



Source: MurmanskStat

2. Regional economy

o) Examples of planned investment projects

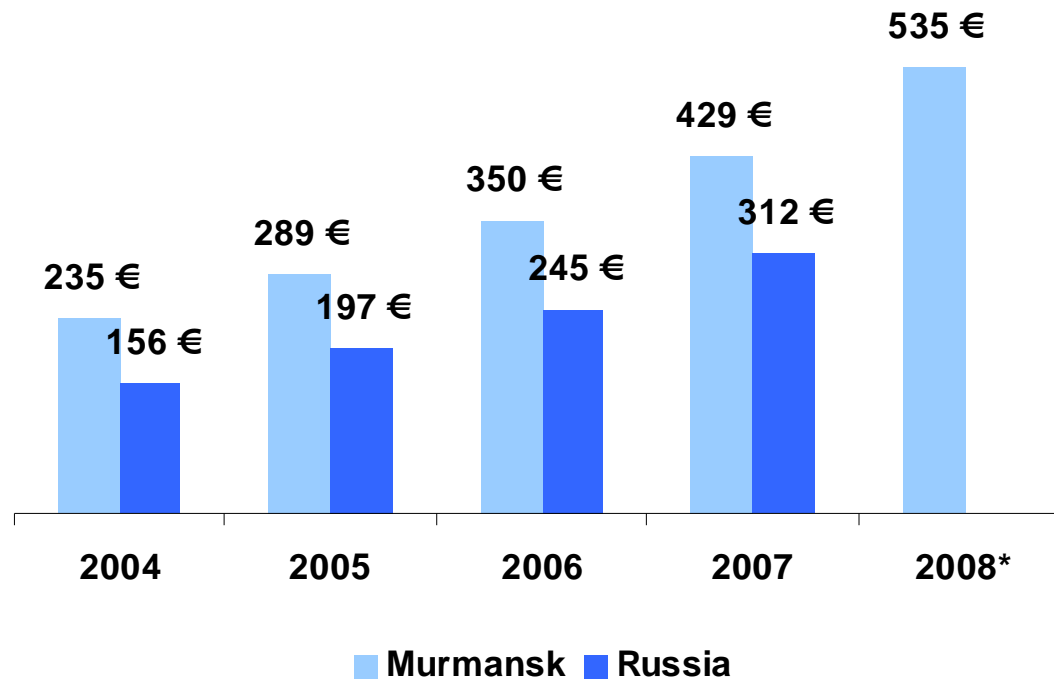
Project	Volume (bln EUR)	Initiator	Timing
Development of the Shtokman field, including a production plant for liquefied natural gas and a transport complex for its shipment	31,4	ОАО Газпром (OAO Gazprom)	2008–2021
Port complex for transshipment of oil and oil products on the western shore of the Kola Bay	1,2	ЗАО Синтез Петролеум (ZAO Sintez Petroleum)	2009–2021
«Мурманская ТЭЦ-2», a new thermal power plant	1,1	ОАО Мурманская ТЭЦ-2 (OAO Murmanskaja TEhC-2)	2012–2014
Refinery on the west coast of the Kola Bay	0,7	ЗАО Синтез Петролеум (ZAO Sintez Petroleum)	2009–2015
Container terminal at the Murmansk Sea Commercial Port	0,6	ФГУ Ространсmodernизация (FGU Rostransmodernizacija)	2009–2013

Source: Murmansk Government

Exchange rate according to the
European Central Bank
23.6.2009,
EUR 1 = USD 1,3978

3. Prosperity and consumption

a) Nominal average monthly salaries



* No data for Russia yet at the moment of publication

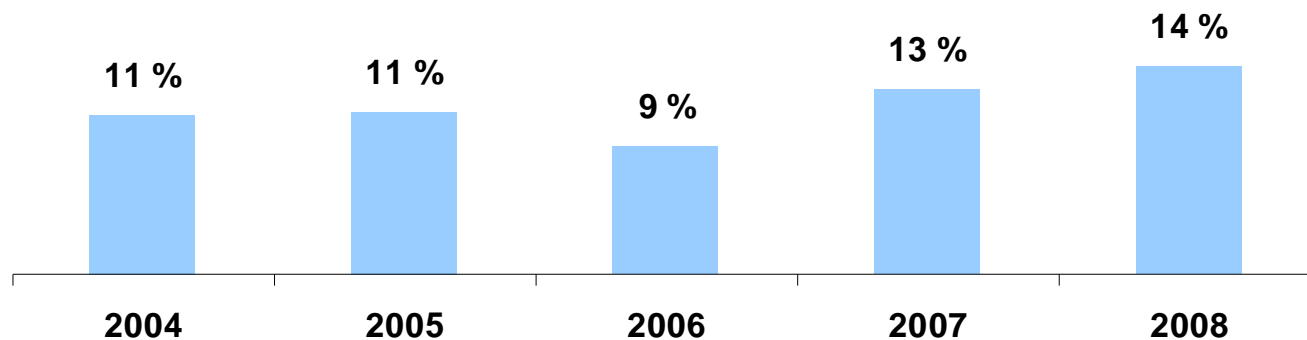
Source: MurmanskStat, Russian Federal State Statistics Service

Exchange rate according to the
Central Bank of the Russian
Federation 23.6.2009,
EUR 1 = RUR 43,3216

3. Prosperity and consumption

b) Inflation

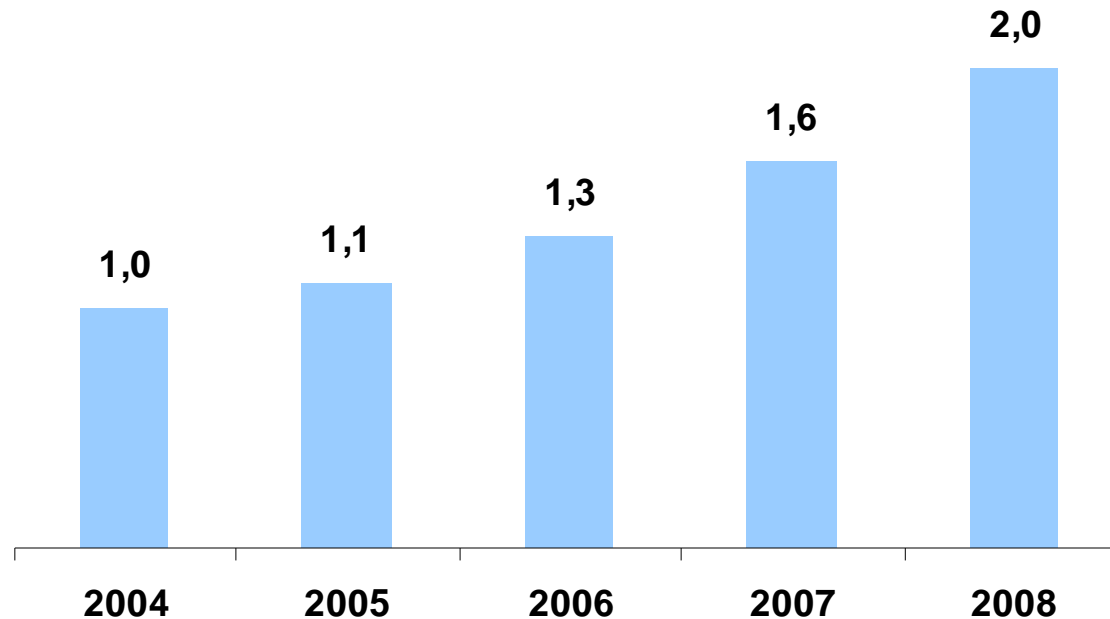
Consumer price index (annual change)



Source: MurmanskStat

3. Prosperity and consumption

c) Retail trade (billion EUR)

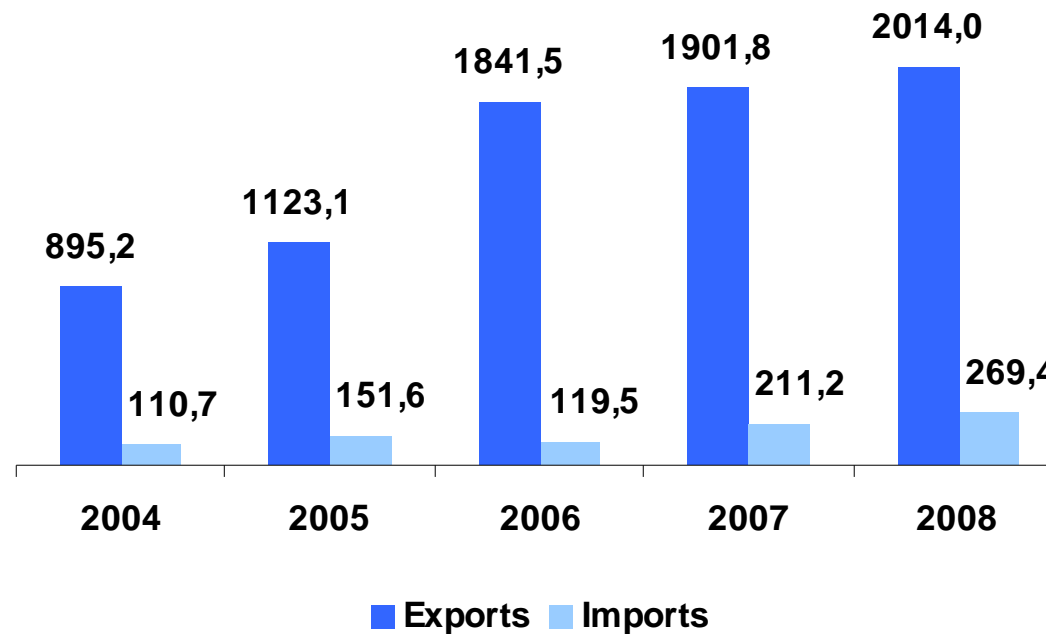


Source: MurmanskStat

Exchange rate according to the
Central Bank of the Russian
Federation 23.6.2009,
EUR 1 = RUR 43,3216

4. External economic relations

a) Development of foreign trade of goods (million EUR)

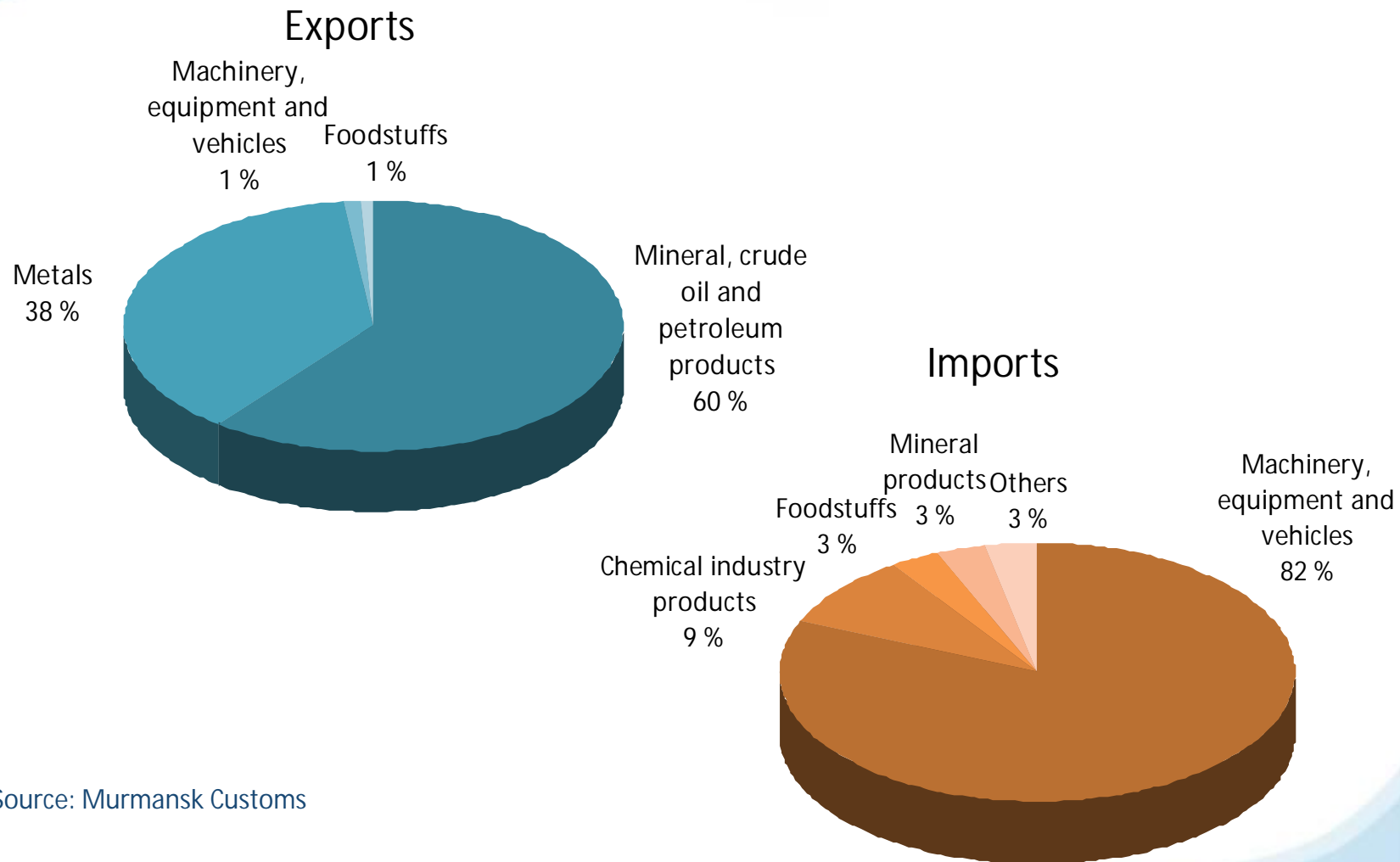


Source: MurmanskStat

Exchange rate according to the
European Central Bank
23.6.2009,
EUR 1 = USD 1,3978

4. External economic relations

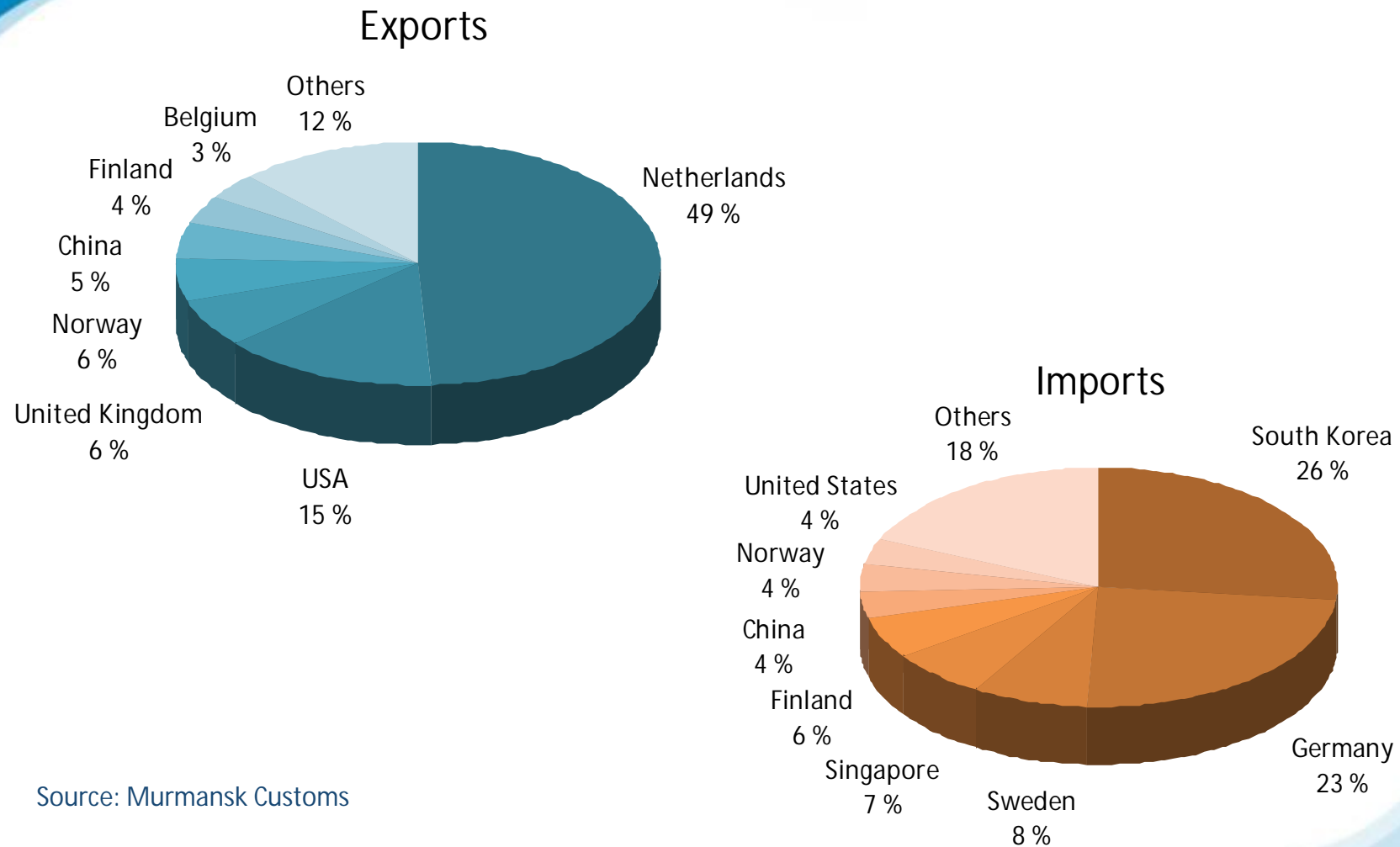
b) Foreign trade structure in 2007



Source: Murmansk Customs

4. External economic relations

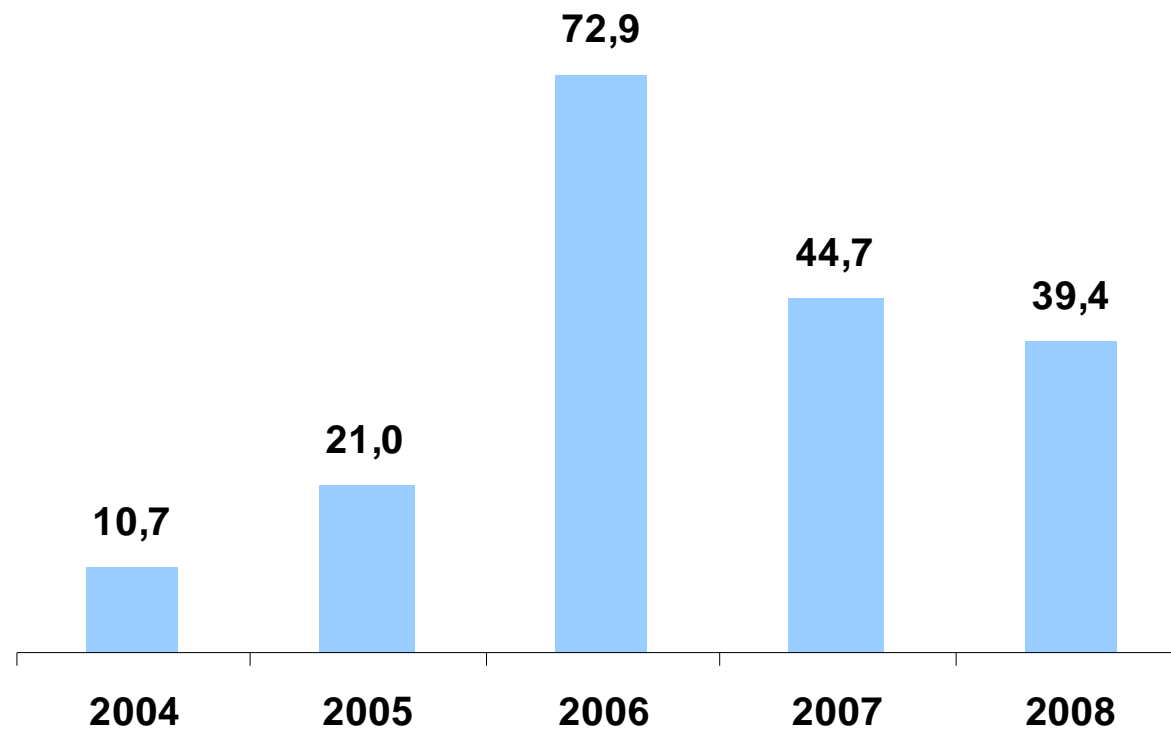
c) Major export and import partners in 2008



Source: Murmansk Customs

4. External economic relations

d) FDI inflow (million EUR)

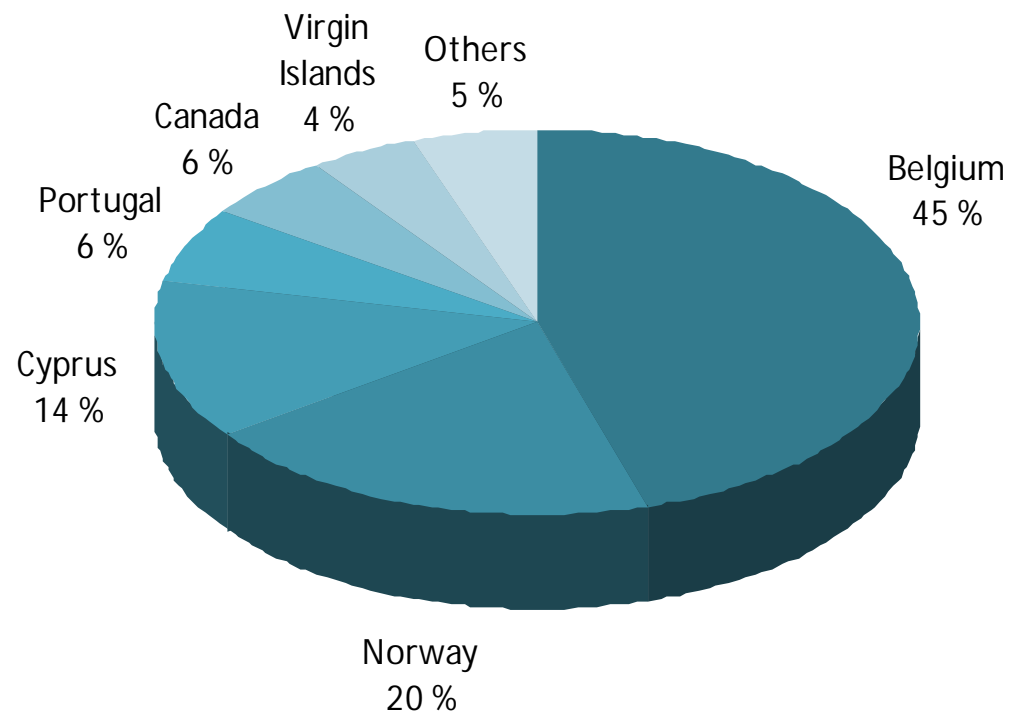


Source: MurmanskStat

Exchange rate according to the
European Central Bank
23.6.2009,
EUR 1 = USD 1,3978

4. External economic relations

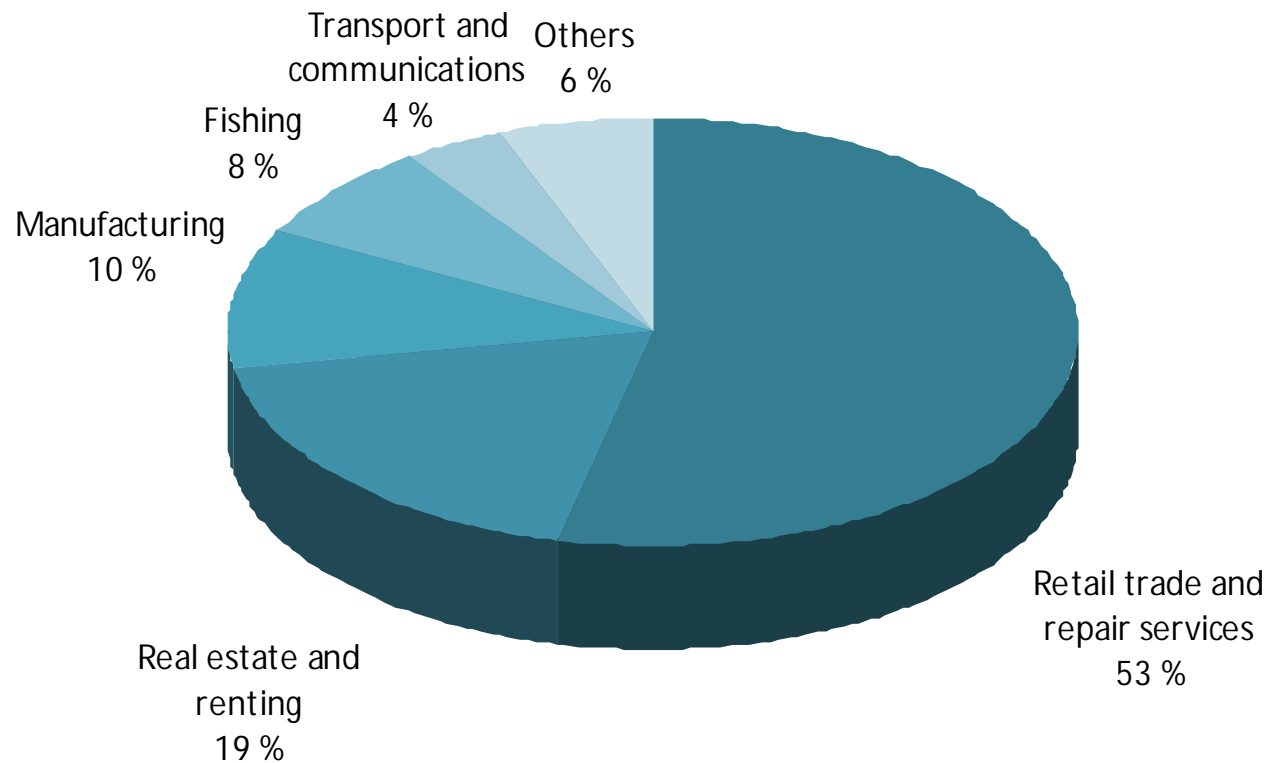
e) FDI by countries in 2008



Source: MurmanskStat

4. External economic relations

f) FDI by sectors in 2008

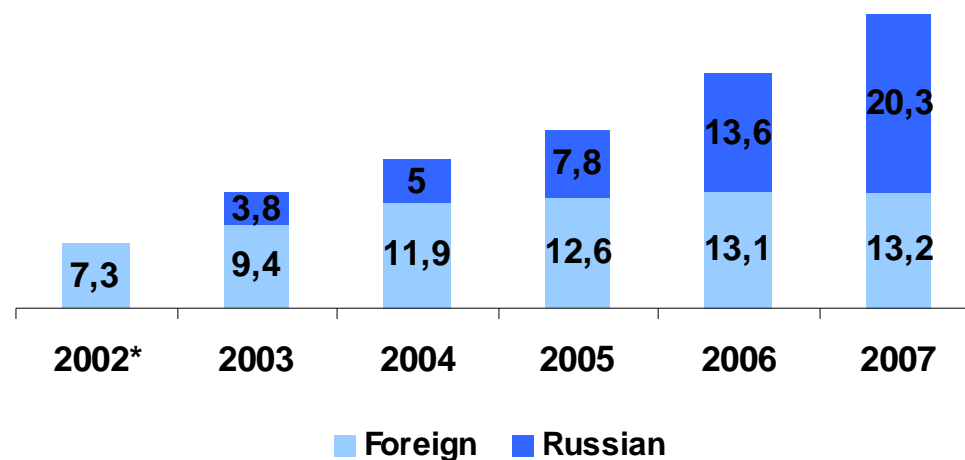


Source: MurmanskStat

4. External economic relations

g) Tourism in Murmansk region

Number of tourists (thousand people)



Source: Murmansk Government

Murmansk offers for example:

- Sport fishing, kayak boating, hunting, mountaineering, hiking, ski touring and cycling
- Historical monuments and museums in Kola, Kirovsk, Pechenga, such as the geological museum in Kirovsk
- Cruises on nuclear-powered icebreakers to the North Pole area and to Franz Josef Land
- Excursions to the most famous mineral deposits, for example to the Amethyst deposits of the Terskiy Coast

Source: Tourist Infoportal of Murmansk Region

5. Additional information

a) Business service and authorities

BUSINESS SUPPORTING SERVICE AND AUTHORITIES

Finpro

<http://www.finpro.fi/fi-FI/Business/>

The Government of the Murmansk Region

<http://www.gov-murman.ru/>

Ministry of Economic Development of the Murmansk region

<http://mineconomy.gov-murman.ru/>
<http://economics.gov-murman.ru/>

OTHER SOURCES

Federal State Statistics Service of Murmansk Region

<http://murmanskstat.gks.ru/>

Russian Federal State Statistics Service

<http://www.gks.ru/wps/portal/english>

Murmansk Customs Office

<http://www.murmansk-customs.ru/>

“Kolskaya encyclopedia”

<http://kolaenc.gov-murman.ru/>

Tourist Infoportal of Murmansk Region

<http://www.murmantourism.ru/en/>

Information subject to changes

5. Additional information

b) Murmansk Office of the Consulate General

Murmansk Office of the Consulate General of Finland

<http://www.finland.org.ru/public/default.aspx?nodeid=36982&contentlan=1&culture=fi-FI>

Visiting Address:

Ulitsa Karla Marxa 25A
183025 Murmansk
RUSSIA

Postal address:

P.O. Box 141
99801 IVALO
FINLAND

Exchange: + 7 815 244 5382
Fax: +7 815 244 8341
E-mail: sanomat.msk@formin.fi

Information subject to changes

5. Additional information

c) Embassy and European Commission's Delegation

Embassy of Finland, Moscow

<http://www.finland.org.ru/public/default.aspx?culture=fi-FI&contentlan=1>

Address:

Posolstvo Finljandii
Kropotkinskij pereulok 15-17
119034 Moskva G-34
RUSSIA

Tel. +7 495 787 4174
Fax: +7 499 255 3380
E-mail: sanomat.mos@formin.fi

Delegation of the European Commission to Russia

<http://www.delrus.ec.europa.eu/>

Address:

119017, Moscow
Kadashevskaya nab., 14/1
RUSSIA

Tel. +7 495 721 2000
Fax: +7 495 721 2020
E-mail: Delegation-Russia@ec.europa.eu

Information subject to changes

5. Additional information

d) Examples of hotels in Murmansk

Park Inn Poliarnie Zori

<http://book.rezidorparkinn.com/Hotel.asp?Hotelcode=MMKPD&name=Park+Inn+Poliarnie+Zori%2C+Murmansk&city=Murmansk&country=Russia>

Address:

Park Inn Poliarnie Zori, Murmansk
Knipovicha 17
Murmansk
Russia, 183039

Tel. + 7 815 228 9500, 228 9505

Fax: + 7 815 228 9504

E-mail: info.murmansk@rezidorparkinn.com

Meridian Murmansk

<http://www.meridian-hotel.ru/eng/index.php>

Address:

Meridian Murmansk
5/23 Vorovskogo Street
Murmansk
Russia, 183038

Tel. + 7 815 228 8800, 228 8683

Information subject to changes

Find more hotels at

<http://www.murmantourism.ru/en/rests.php>