

Barents Monitoring

Nenets Autonomous Okrug, second quarter 2009

The Social-Economic development of the Nenets Autonomous Okrug in January-June 2009¹



Trends

The first half of 2009 showed mixed results for the regional economy. The industrial production growth index was 38,5 percents. This result was however achieved only thanks to the increasing oil production at Lukoil's new deposits of Lukoil (the Yuzhno-Khylchuyu oil field). At the same time, the Nenets Okrug is one of the leaders in Russia as concerns the drop in construction. The drop was 52,9 percent compared to the same period of the last year. Also, the volume of housing construction dramatically fell by 68,4 percent. The volume of investments in the main capital was reduced by 57,3 percent. However, positive results was observed in the retail trade, where turnover grew 10,8% to a total of 45,6 million rubles. The volume of the services provided to the population increased insufficiently only by 2,2% compared to same period of 2008.

The economy of the Nenets Autonomous Okrug, like the Russian economy as a whole, remains heavily and dangerously dependent on hydrocarbon production. The region is one of few regions of the Russian Federation where the volume of industrial production has been increasing steadily

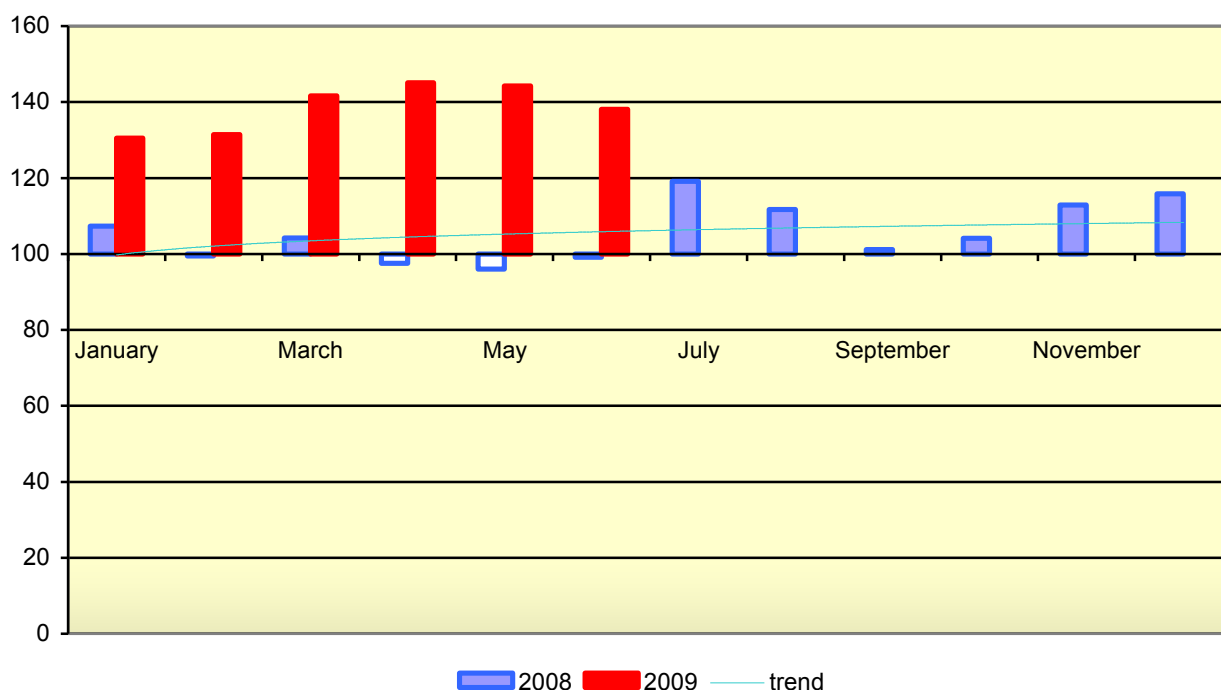
¹ This report is written by the Nenets office of the Norwegian Barents Secretariat. Figures are taken primarily from the Nenets AO regional statistics service.

in the whole post-Soviet period. The fuel industry has a 98 percent share of the total industrial production.

INDUSTRIAL PRODUCTION

In the period January-June the industries with most dynamic rates of growth were oil and gas production (38,5% growth) and electric power generation (28,5% growth).

Table 1. Index of industrial production 2008-2009
(% to the correspondent period of the last year)



Investments in the main capital

The investments in the main capital in the first six months of 2009 continued a negative trend. The drop totaled 57,3 percent compared with the level of the same period of 2008 and totaled 19.69 billion rubles.

Electric power generation

In January-June the generation of electric power increased 28,5 percent compare with same period of 2008 and totaled 475,2 million KWH.

Oil and gas production.

The oil production, including natural gas condensate, increased by more than 35 percent to a total of 9,08 million tons.

ECONOMY

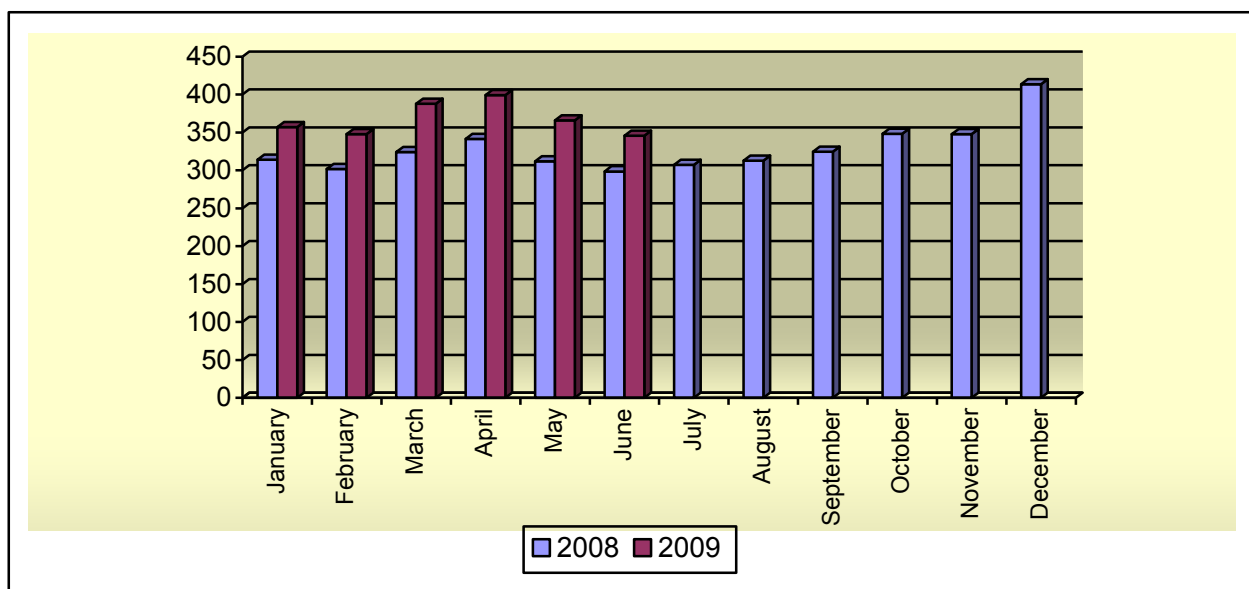
Cargo turnover

The increase in the main branch of industry had positive influence on the cargo transport turnover, which in the six-month period increased by 27,5% compared to 2008 levels and totaled 1,281 million ton-kilometers.

Retail trade

The turnover of retail trade increased by 9,9% (in comparable prices) and totaled 2.203 billion rubles.

Table 3. Retail trade turnover (million rubles)



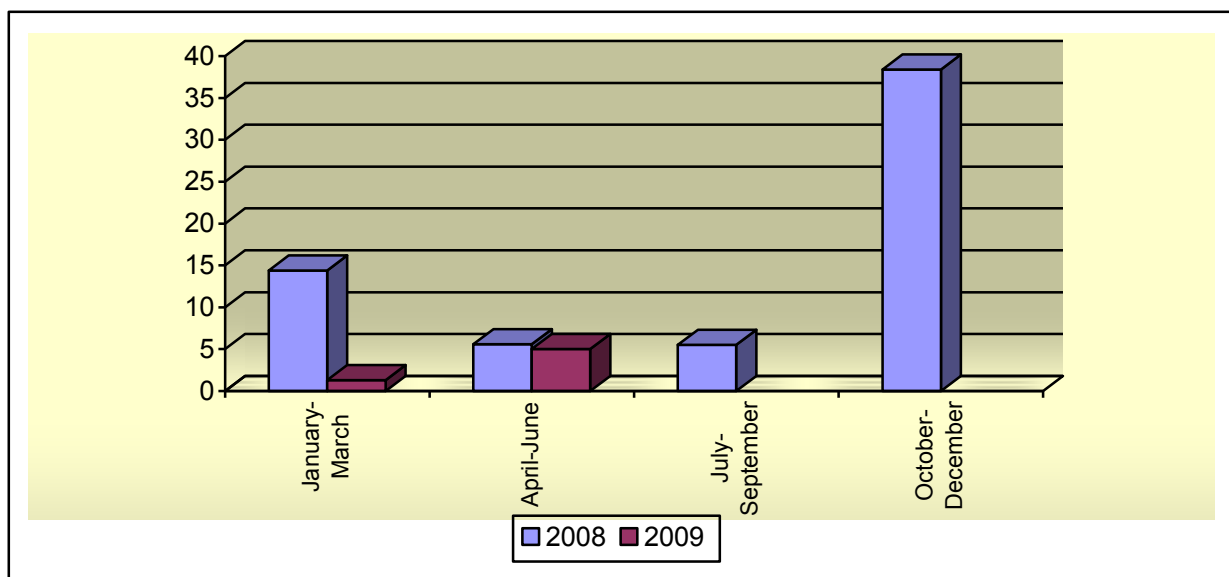
Construction

The volume of work in the regional construction industry dropped dramatically by as much as 52,9% compared to 2008 and totaled 3.454 billion rubles.

Housing construction

Housing construction dropped by 68,4% compares to the same period in 2008. A total of 127 flats, or 6300 square meters, was built in January-June 2009.

Table 4. Dynamic of houses' implementation (thousand square meters)



POPULATION

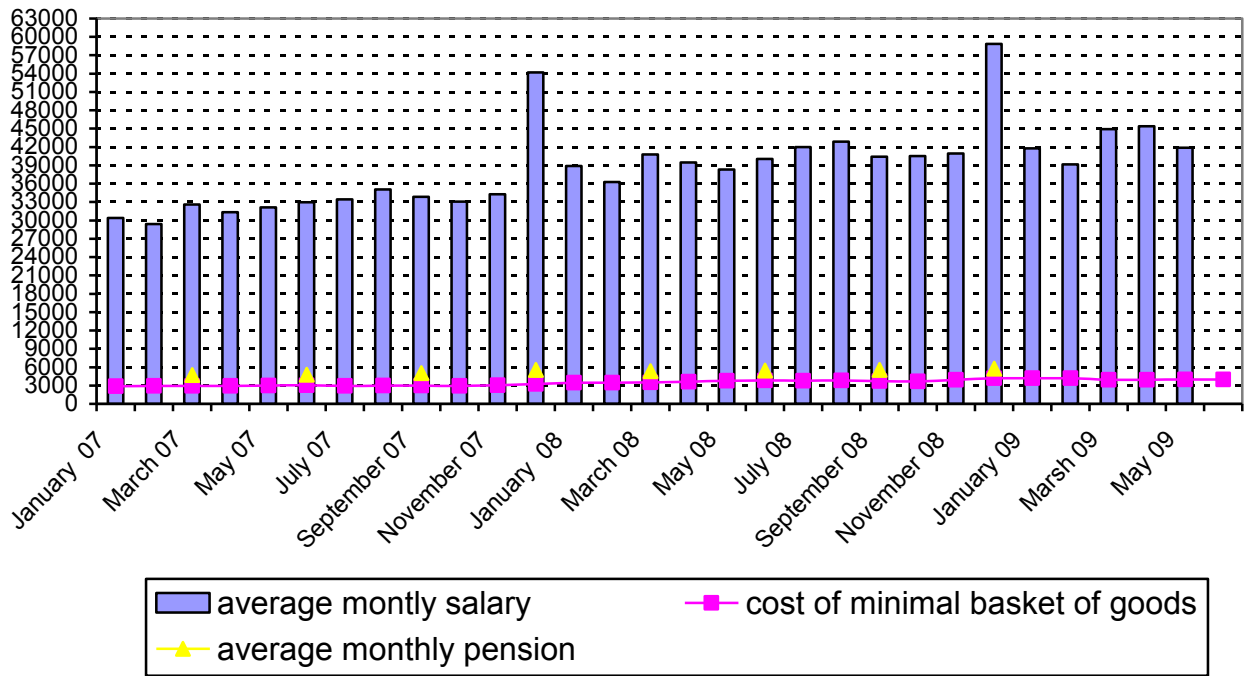
In January - March there was a rise in birth rates and a sag in mortality rates compare to the same period of 2008. The natality in January-June 2009 is +76 (for same period of 2008 it was +55).

The number of people employed in the regional economy of the Nenets AO decreased in the period by 0,6% compared to 2008 and totaled 28704. The number of unemployed people in June 2009 grew by 40,8% compared to June 2008 and totaled 825 officially registered in the employment offices.

The average money incomes of the population decreased by 9,5% compared to the previous year and totaled 39347,3 rubles.

Still, the average accrued salary in Nenets Autonomous okrug is one of the highest in Russia. It was 42566,4 rubles for January-June 2009 (up by 8,9% compared to the same period of 2008).

Table 5. Incomes of population (rubles)



The Nenets autonomous okrug. General information.

Territory:	176,81 thousand sq. km. (including Kolguev and Vaigach islands)
Population:	42 300 people
Population density:	0,24 per sq. km.
Level of urbanization:	63,8 %
Ethnic structure:	70,0 % Russians 17,1 % Nenets 9,5 % Komi
GRP:	82 billion rubles (2008, average estimation)
Main city:	Naryan-Mar - 26,8 thousand people
Main industries:	Oil and gas complex, including oil transport complex, reindeer husbandry, power generating, food industry, construction industry

According to the Constitution of the Russian Federation, the Nenets Autonomous Okrug became an equal subject of Russian Federation in 1993. At the same time its territory and population is included into the Arkhangelsk oblast.

Information sources:

1. Report about Social-Economic development of the Nenets Autonomous Okrug in 2008 prepared by the Territorial organ of the Federal service of state statistics for the Nenets autonomous okrug.
2. Official web site of the Administration of the Nenets Autonomous Okrug www.adm-nao.ru