

Barents Monitoring

Nenets Autonomous Okrug, third quarter 2009

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



The Yuzhno Khilchuyu field (Photo: Andrey Vokuev)

Trends

The first nine months of 2009 showed mixed and very contradictory results for the regional economy. The industrial production growth index was 34,3 percents. This result was however achieved only thanks to the increasing oil production at Lukoil's new deposits (the Yuzhno-Khylchuyu oil field). According to a report from the Federal Ministry of Regional Development on the social-economical situation in the federal subject (September 2009), the Nenets Autonomous Okrug was on the first place in September of the 17 Russian regions with industrial production growth (36,5 percent growth). Interestingly enough, the Nenets Okrug is one of only two Russian region which had industrial production growth in all months of 2009 (the second one is Sakhalin Oblast). In the period January-August, the Nenets Okrug also had the third place among the 17 Russian regions with income growth of profitable organizations (280 percent).

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.

At the same time, the Nenets Okrug is one of the Russian regions with the biggest drop in the construction industry. In January-September the drop was 52,8 percent compared to the same period of the last year, which makes it one of the fifth worst off in Russia in the sector. Also the volume of housing construction fell dramatically with 54,5 percent. The Okrug is the worst off with regard to the drop in housing construction (58,6 percent drop) in a list of 38 Russian regions made in September.

The volume of investments in the main capital was reduced significantly and totaled 24,576 billion rubles, or only 36,3 percent compared to same period of 2008. However, positive results was observed in the retail trade, where turnover grew 9,5 percent and made up 3,279 billion rubles. In September, the Nenets Okrug had the biggest growth in retail trade volumes – 12,3 percent (first place among 12 Russian regions with retail trade growth). The volume of services provided to the population increased by 4,8 percent compared to same period of 2008.

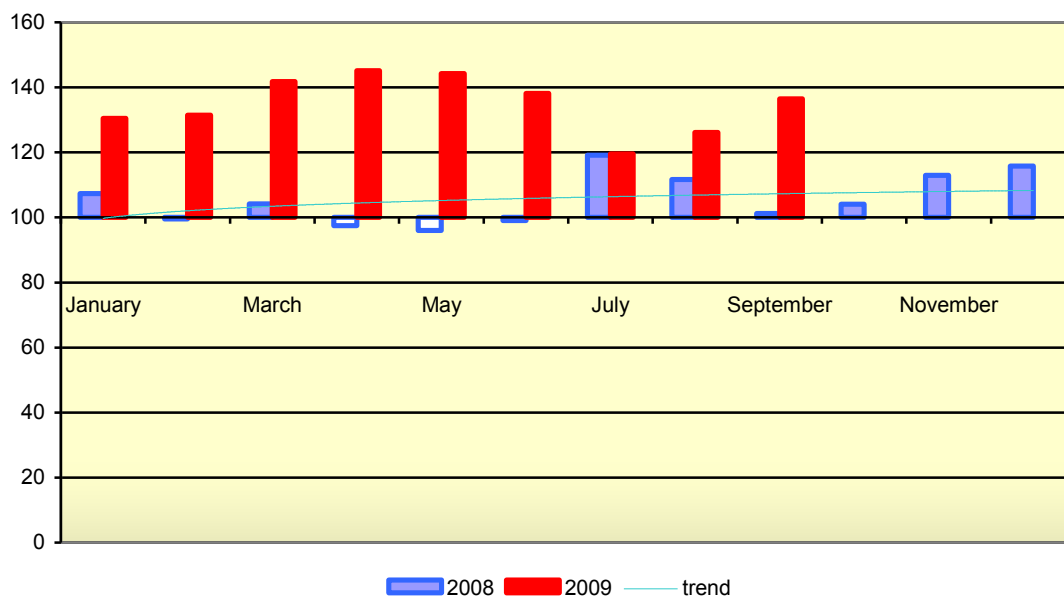
The financial crisis negatively affected the budget incomes. In September, the Okrug was Russian leader (among 43 regions) in drop of the consolidated budget incomes (54 percent). In January-September, the consolidated Okrug’s budget has got taxes and other obligatory payments of 7128 billion rubles, or 70,4 percent of the level of the corresponding period of 2008. In January-September, half of tax revenues were property tax (in the same period of 2008, it was organizations’ profit tax).

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

INDUSTRIAL PRODUCTION

For the period January-September, the industries with most dynamic rates of growth were oil and gas production (35,1% growth) and electric power generation (37,1% 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 nine months of 2009 continued a negative trend. The drop in investments activity totaled 36,3% compared with the level of the same period of 2008 and totaled 24.577 billion rubles.

Electric power generation

In the months January-September, the generation of electric power increased 25,1% compare with same period of 2008 and totaled 674,5 million KWH.

Oil and gas production.

The oil production, including natural gas condensate, increased by more than 30% and totaled 13,927 million tons. It was produced four thousand tons of natural gas condensate (8,1% more compare with the same period of 2008).

ECONOMY

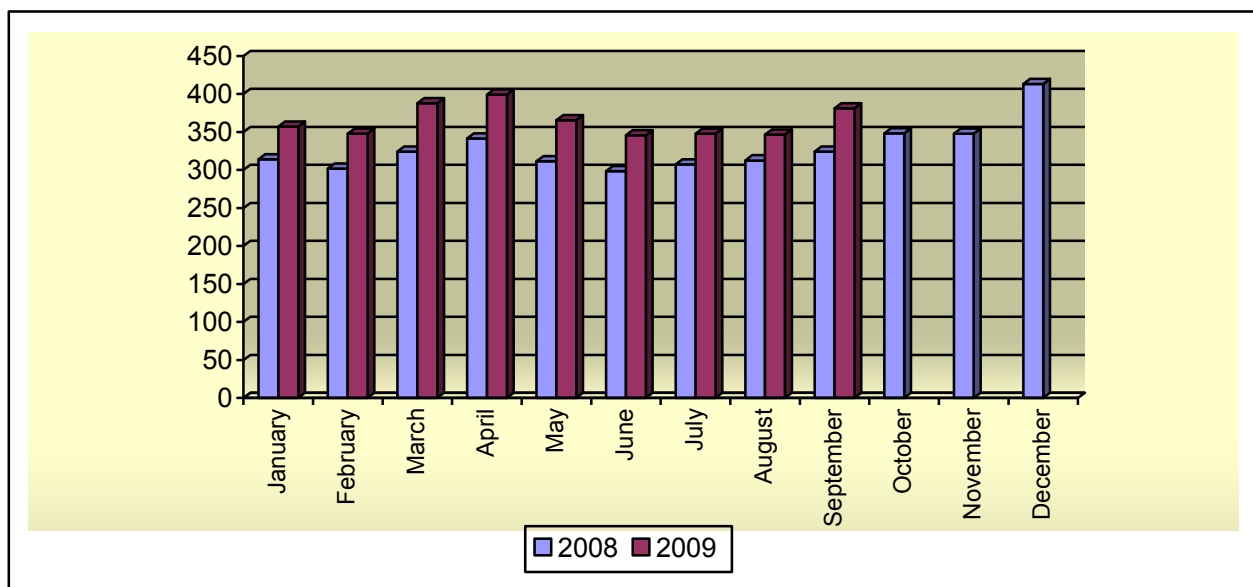
Cargo turnover

The increase in the main branch of industry had positive influence on the cargo transport turnover, which in January-September of 2009 increased 3,7 times compared to 2008 levels and totaled 1,291 million ton-kilometers.

Retail trade

The turnover of retail trade increased by 9,5% (in comparable prices) and totaled 3.279 billion rubles.

Table 3. Retail trade turnover (million rubles)



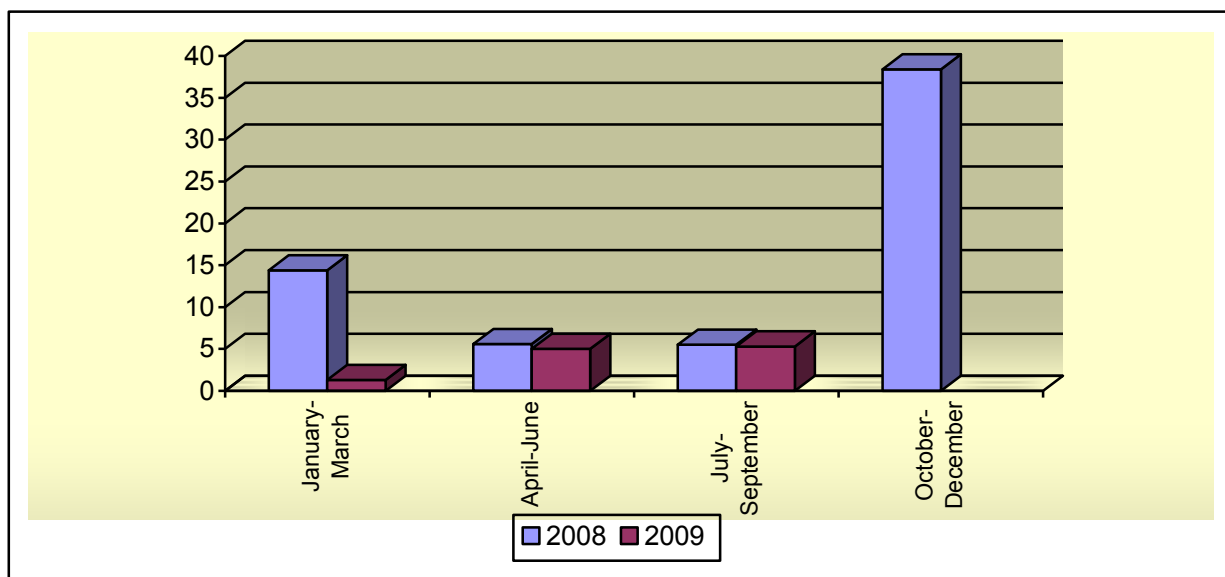
Construction

For January-September, the volume of work in the regional construction industry dropped dramatically 52,8% compared to 2008 and totaled 4,973 billion rubles.

Housing construction

Housing construction dropped 54,5% compared to the same period in 2008. A total of 11600 square meters was built in January-September 2009.

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



POPULATION

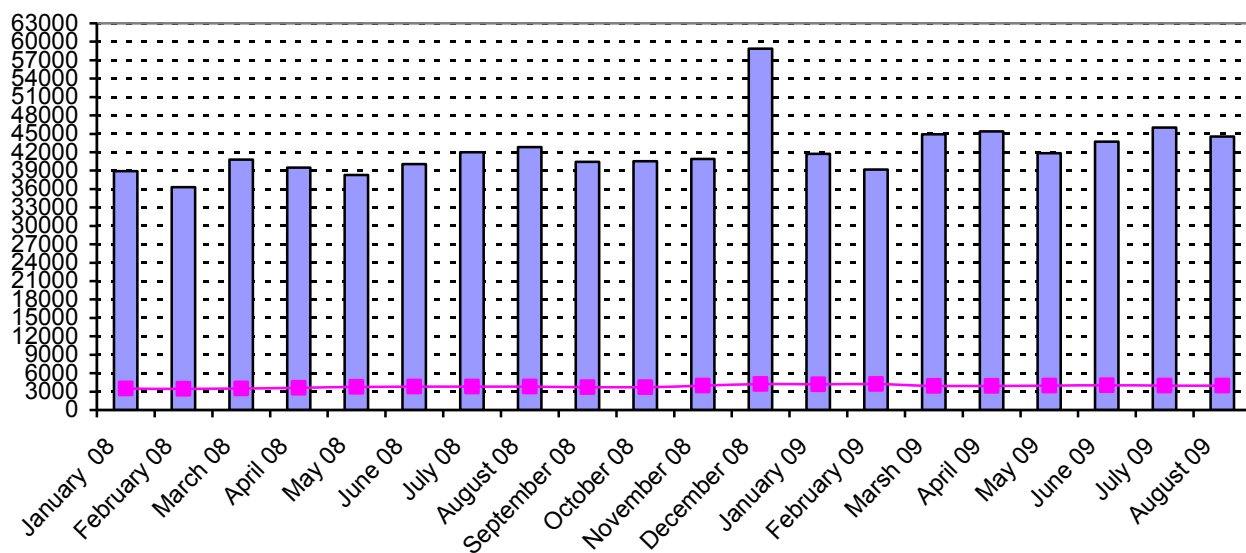
In the period January-August, there was a rise in birth rates and a sag in mortality rates compared to the same period of 2008. The natality in January-August 2009 is +163 (in the corresponding period of 2008 it was +95).

The number of people employed in the regional economy of the Nenets AO decreased in the period January – August by 6,4% compared to the same period of 2008 and totaled 28551. The number of unemployed people in September 2009 increased 1,5 times compared to September 2008 and totaled 758 officially registered in the employment offices.

In January-September the money incomes of the population decreased by 1,2% compared to the same period of 2008 and totaled 2,607 billion rubles. The cash outlay of the population increased by 22,1% and totaled 807,3 million rubles. The real disposable money incomes per head (incomes minus obligatory payments and corrected by the Consumer Price Index) increased by 8,9% in September and by 16,4% in January-September.

Still, the average accrued salary in the Nenets Autonomous okrug is one of the highest in Russia. It was 44565,9 rubles in August 2009 (up by 2,2% compared to August 2008). The real salary decreased by 6,4% in August compared to August 2008.

Table 5. Average accrued salary (rubles)



average monthly salary
 cost of minimal basket of goods

The Nenets autonomous okrug. General information.

Territory:	176,81 thousand sq. km. (including Kolguev and Vaigach islands)
Population:	42 023 people (on January 1, 2009)
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 January-September 2009 prepared by the Territorial organ of the Federal service of state statistics for the Nenets autonomous okrug.
2. The report of the Federal Ministry of Regional Development about Social-Economical situation of subject of Russian Federation in September 2009.
3. Official web site of the Administration of the Nenets Autonomous Okrug www.adm-nao.ru