



Barents Monitoring Nenets Autonomous Okrug, 2009

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



Photo: Christina Henriksen, Norw. Barents Secretariat

Trends

The year 2009 showed mixed and very contradictory results for the Nenets regional economy. The industrial production growth index was 30,8 percents. This result was however achieved only thanks to the increasing oil production at Lukoil's new Yuzhno-Khylchuyu oil field. According to a report from the Federal Ministry of Regional Development on the Social-Economic situation of the Russian federal subjects (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, the Nenets Okrug is one of only two Russian regions with industrial production growth all through 2009 (the second is Sakhalin Oblast).

At the same time, the Nenets Okrug is one of the Russian regions with the biggest drop in the construction industry. In 2009, the drop was 52,7 percent compared to the level of 2008. Also the

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.

volume of housing construction fell dramatically with 35,5 percent. The Okrug is the worst off with regards to housing construction on a list of 38 Russian regions made in September.

The volume of investments in the main capital in 2009 was reduced significantly and totaled 29,679 billion rubles, or only 31,3 percent of the level in 2008. However, positive results was observed in the retail trade, where turnover grew 7,6 percent and made up 4,453 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 in 2009 increased by 6,6 percent compared to 2008.

The financial crisis had a negative impact on the regional budget incomes. In September, the Okrug was Russian leader (among 43 regions) in drop of consolidated budget revenues (54 percent).

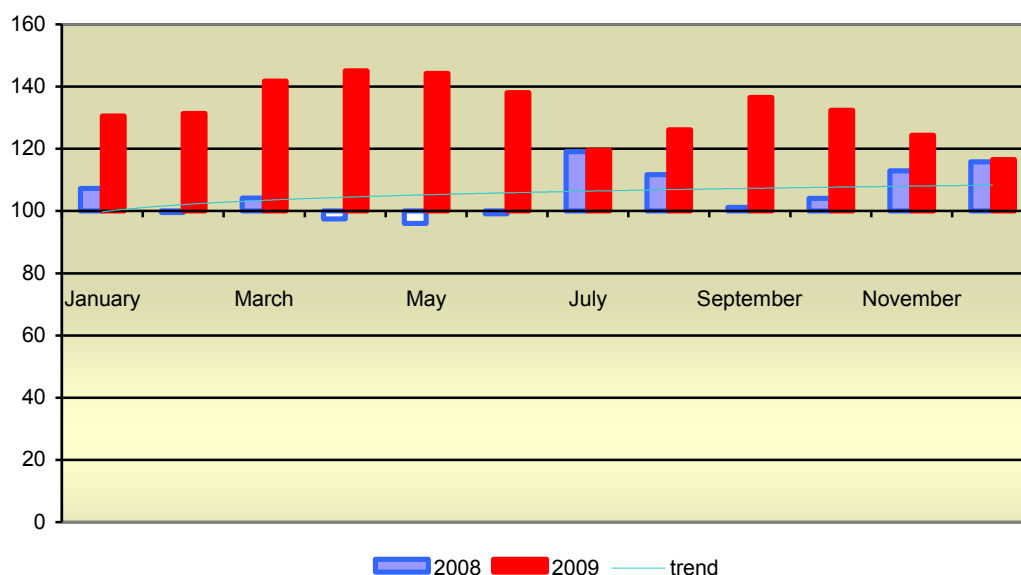
In 2009, the consolidated Okrug’s budget got taxes and other obligatory payments of 9,923 billion rubles or 81,5 percent of the level of 2008. In January-December 2009, about half of the tax revenues were property tax (in the same period of 2008, it was organizations’ profit tax).

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

In 2009, the industries with most dynamic rates of growth were oil and gas production (31,8% growth), electric power generation (26,3% growth) and food production (7,3% growth).

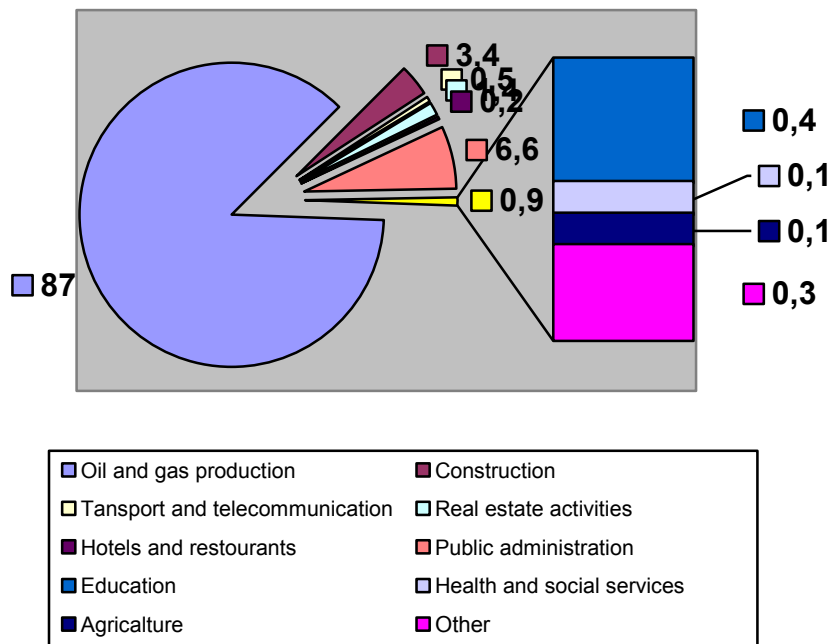
Table 1. Index of industrial production 2008-2009
(% to the correspondent period of the last year)



Investments in the main capital

The investments in the main capital in 2009 continued a negative trend. The drop in investment activity amounted to 68,7% of the level of 2008 and totaled 29,679 billion rubles.

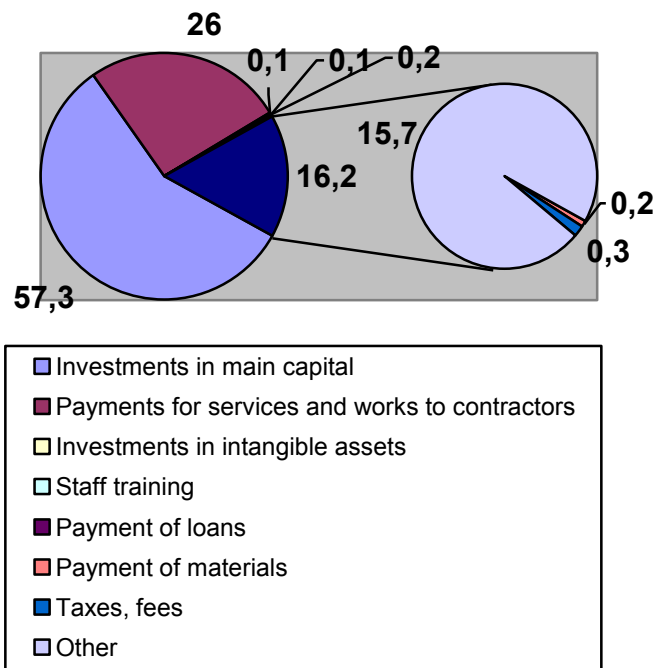
Table 2. Structure of investments in the main capital made by large organizations and middle size entrepreneurs, data for January-September 2009.



Foreign investments

The foreign investments for the period January-September 2009 decreased by 65,45% compared to the same period of 2008 and totaled 346,293 million USD. Of this, 98,5% was made in oil and gas production and 1,5% in real estate activities, lease and rendering of services. A total of 82,3% of the investments came from France, 9% from the Bermudas and 8,7% from Cyprus.

Table 3. Use of foreign investments, January-September 2009, %



Electric power generation

In 2009, the generation of electric power increased 19,7% compared with 2008 and totaled 925,5 million KWH.

Oil and gas production

The oil production, including natural gas condensate, increased by more than 28% and totaled 18,742 million tons. It was produced 5,4 thousand tons of natural gas condensate (8% more compare with 2008).

ECONOMY

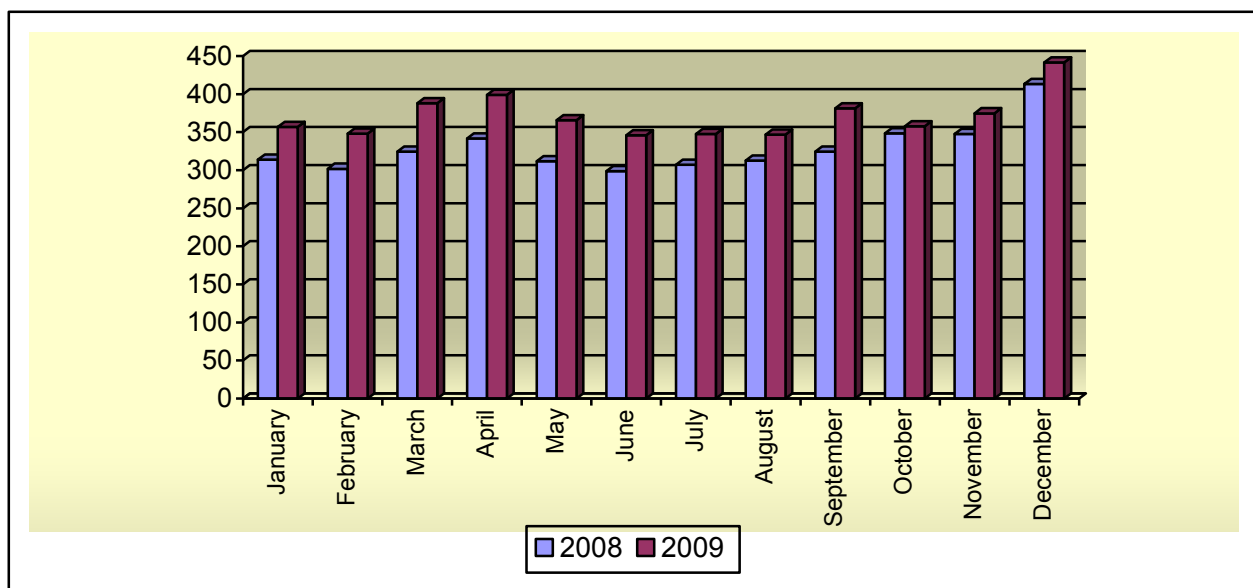
Cargo turnover

The increase in the main branch of industry had a positive influence on the cargo transport turnover, which in 2009 increased by 36,1% compared to 2008 level and totaled 1,6 million ton-kilometers.

Retail trade

The turnover of retail trade increased by 7,6% (in comparable prices) and totaled 4,453 billion rubles.

Table 3. Retail trade turnover (million rubles)



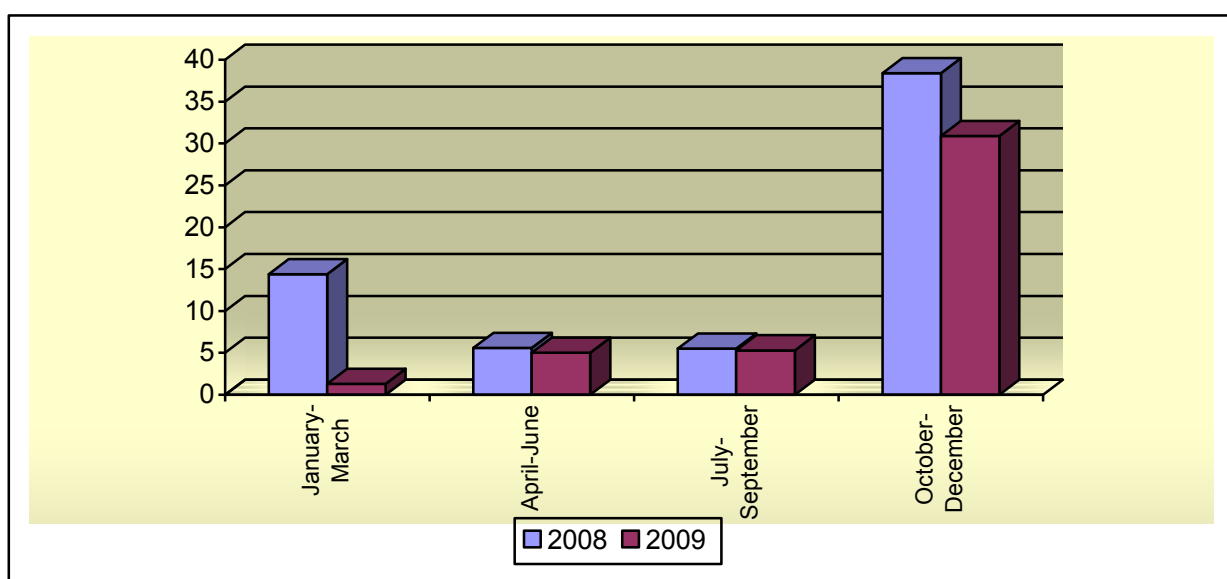
Construction

For 2009, the volume of work in the regional construction industry dropped dramatically 52,7% compared to 2008 and totaled 6,343 billion rubles.

Housing construction

Housing construction dropped by 33,5% compared to 2008. A total of 42500 square meters or 777 apartments were built in 2009.

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



Agriculture

In 2009 the number of reindeers belonging to all types of owners increased by 2,7% and totaled 161,308 thousand animals. Of these 32,800 thousand reindeers belong to private herders.²

POPULATION

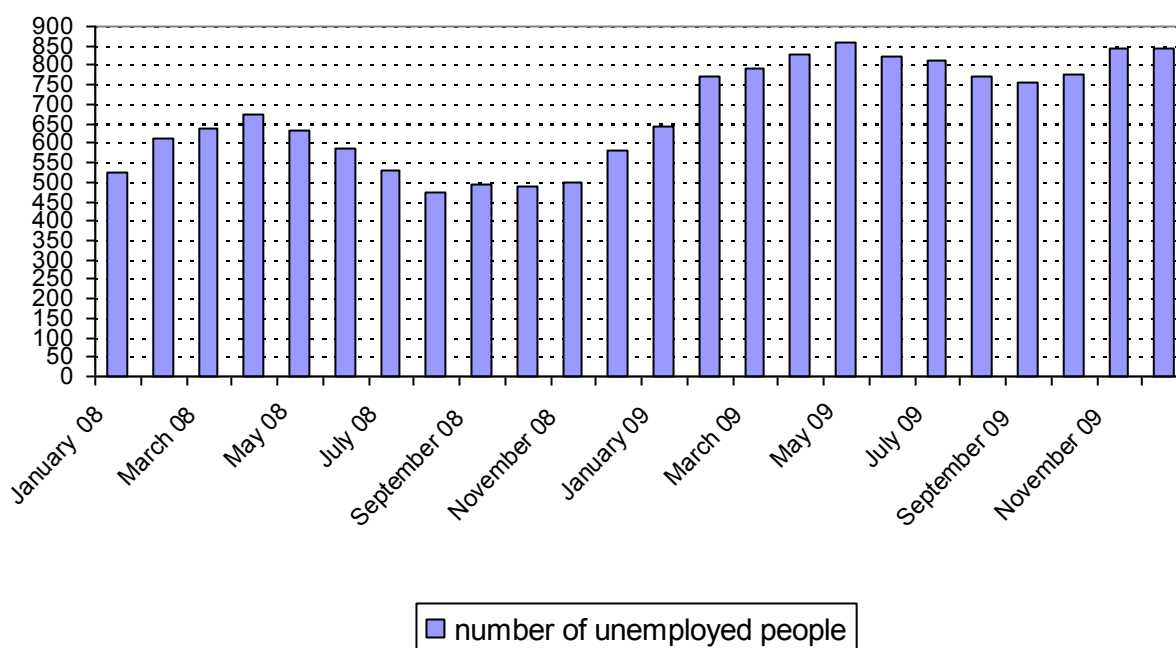
In January-November, there was a rise in birth rates and a sag in mortality rates compared to the same period of 2008. The natality in January-November 2009 was +180 people (in the corresponding period of 2008 it was +144). The migratory increase was +79 people.

The number of people employed in the regional economy of the region decreased in January – November by 6,6% compared to the same period of 2008 and totaled 28233. The number of unemployed people by January 1, 2010 increased by 45,1% compared to January 1, 2009 and totaled 843 officially registered in the employment offices.

In December 2009, the money incomes of the population decreased by 10,4% compared to the December of 2008 and totaled 2,669 billion rubles. The cash outlay of the population increased by 16,6% and totaled 1,269 billion rubles. The real disposable money incomes per head (incomes minus obligatory payments and corrected by the Consumer Price Index) decreased by 18,2% in December and by 30,9% in all of 2009.

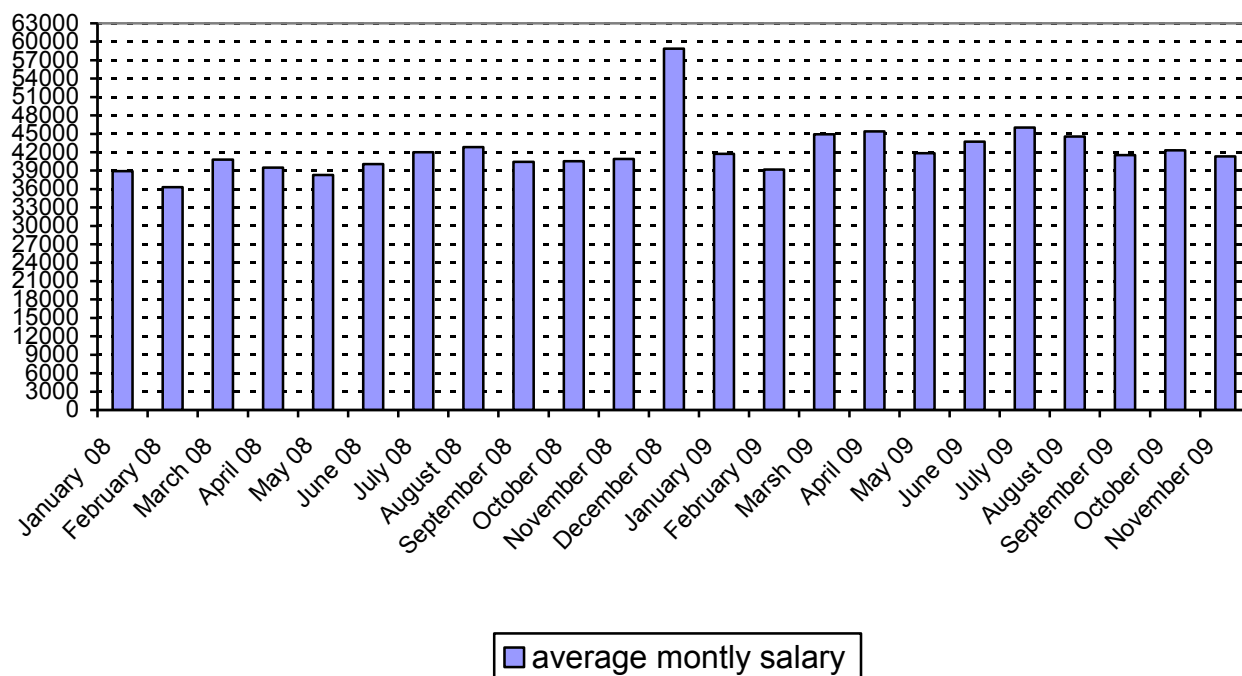
Still, the average accrued salary in the Nenets Autonomous okrug is one of the highest in Russia. It was 41332,4 rubles in November 2009 (up by 0,1% compared to November 2008). The real salary decreased by 6,3% in November compared to November 2008.

Table 5. Dynamic of unemployment.



² Data on 01.01.2010. Source: the Committee of the Veterinary and Agriculture of the NAO Administration

Table 6. Average accrued salary (rubles).



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:	98,374 billion rubles (2007)
Main city:	Naryan-Mar – 19,456 thousand people (on January 1, 2009)
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 2009 prepared by the Territorial organ of the Federal service of state statistics for the Nenets autonomous okrug.
2. Official wed site of the Administration of the Nenets Autonomous Okrug www.adm-nao.ru.
3. The report of the Federal Ministry of regional development about Social-Economical situation of subjects of Russian Federation in September 2009.