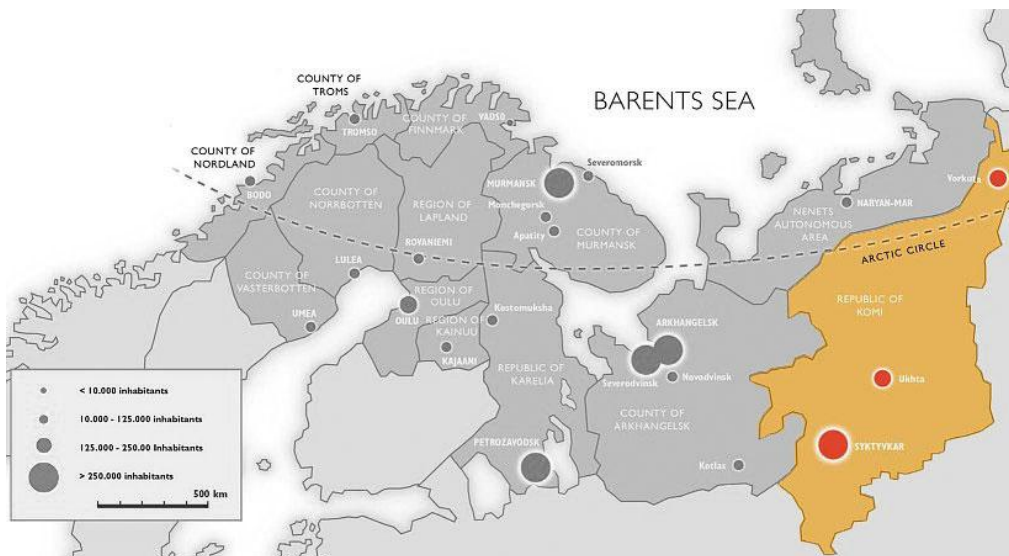


Barents Monitoring

Republic of Komi, first quarter 2009

The Social-Economic Development of the Komi Republic, first quarter 2009¹



Trends

The economical situation in the first quarter of 2009 was characterized by negative dynamic in industrial production, transport cargo turnover and retail trade compared to the same period of 2008. At the same time agricultural production and construction have demonstrated growth.

The Republic of Komi is part of the Northwest Russian Federal District. The republic borders Archangelsk Oblast, the Nenets Autonomous Okrug, the Yamalo-Nenets AO and Khanty-Mansi AO, Sverdlovsk Oblast, Perm Kray and Kirov Oblast.

The economy of the Republic of Komi is based on the timber industrial complex (wood processing and pulp and paper operations), ore mining, biotechnological industry, building materials industry, construction, energy. There are more than 2000 companies in industry (mining, processing, power, water and gas generation and distribution); more than 400 small industrial enterprises.

Industrial production: coal (fuel and coke); natural gas; crude oil; automobile gasoline; bauxites; wood; paper; cardboard; sawn timber; plywood; chip boards; fiber boards; medium density fiber boards (MDF).

¹ This report is written by the Nenets office of the Norwegian Barents Secretariat. Figures are taken primarily from the official web site of Statistical service of Republic of Komi <http://komi.gks.ru>

INDUSTRIAL PRODUCTION

In January-March a downswing in most part of the region's economic activities was observed. The total regional production decreased 6,4%. The major decrease was within coal mining, wood processing, pulp and paper production, textile industry, construction materials production.

The oil production kept growth.

The growth rate in construction sufficiently increased in March. The quarterly growth was 13% compared to January-March 2008. This result was achieved primarily because of construction works at the Bovanenkovo – Ukhta gas pipeline.

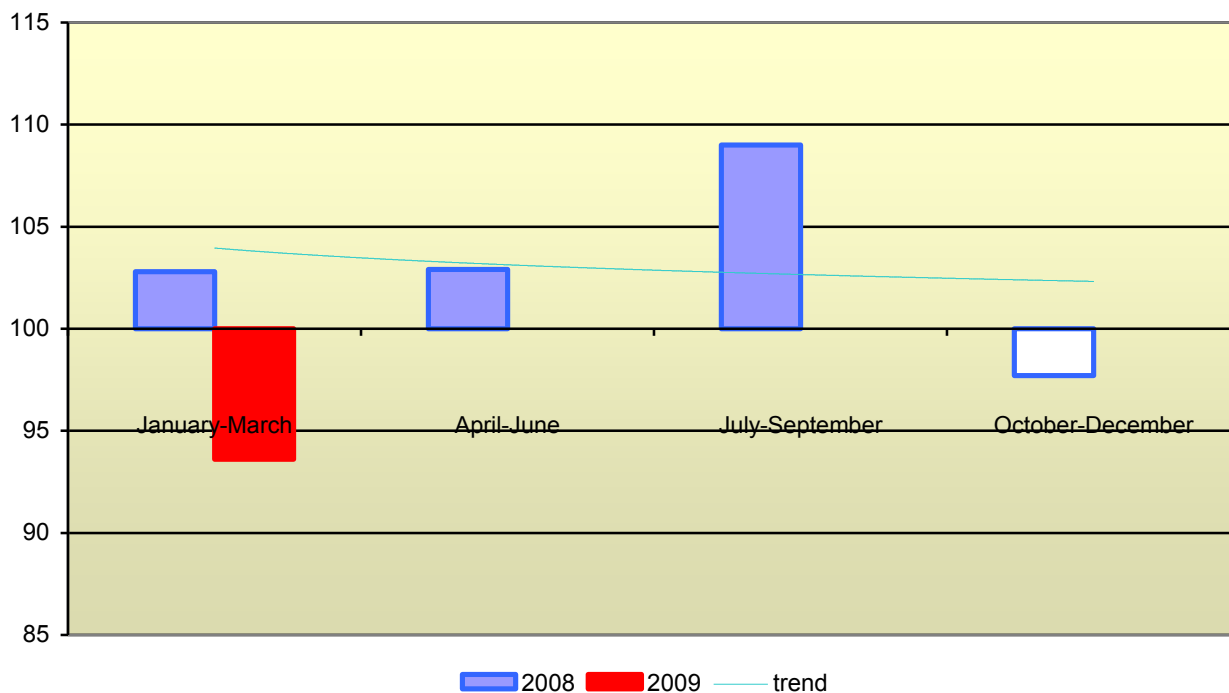
The housing construction demonstrated a 4% growth.

The first quarterly growth in the agricultural sector totaled 5,7%. This result was achieved basically thanks to growth in eggs production, vegetable growing and pig breeding. But the milk, bird and cattle meat production declined.

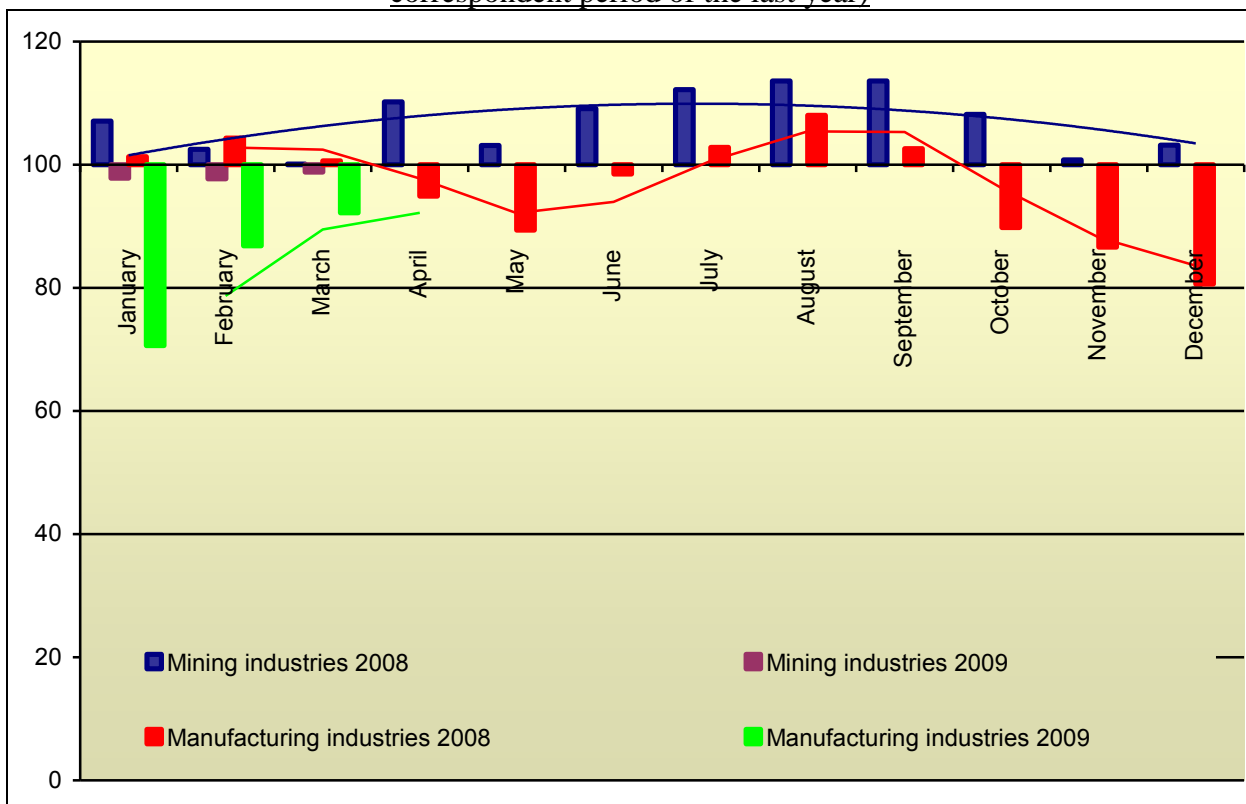
The retail trade turnover dropped 11%. In January-February the real disposable incomes of the population decreased by 6%.

The volume of investments in the main capital showed positive dynamic with January-February growth of almost 81,4% compared to January-February 2008.

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



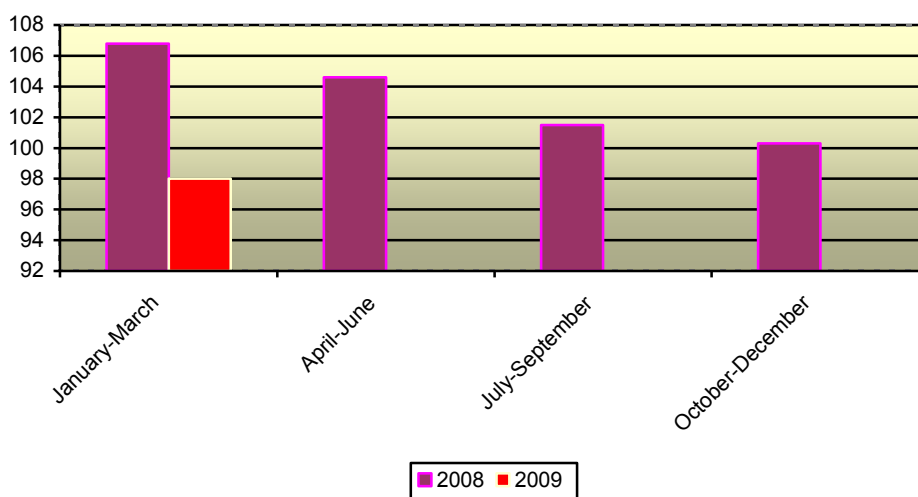
Index of industrial production in the mining and manufacturing industries (% to the correspondent period of the last year)



Electric power generation

In January-March the generation of electric power decreased 0,4% compared to same period of 2008 and totaled 2651,4 million kilowatt-hours.

Index of production of electric power, gas and water generation and distribution in 2008-2009 (% to the correspondent period of the last year)



Oil and gas production, coal mining.

The oil production in first quarter of 2009 increased by 2,8% and made 3,313 million tons. Production of gas decreased by 2,9% and made up a volume of 806,6 million cubic meters. Coal mining decreased by 22,3% and made 2353 thousand tons.

Timber industries

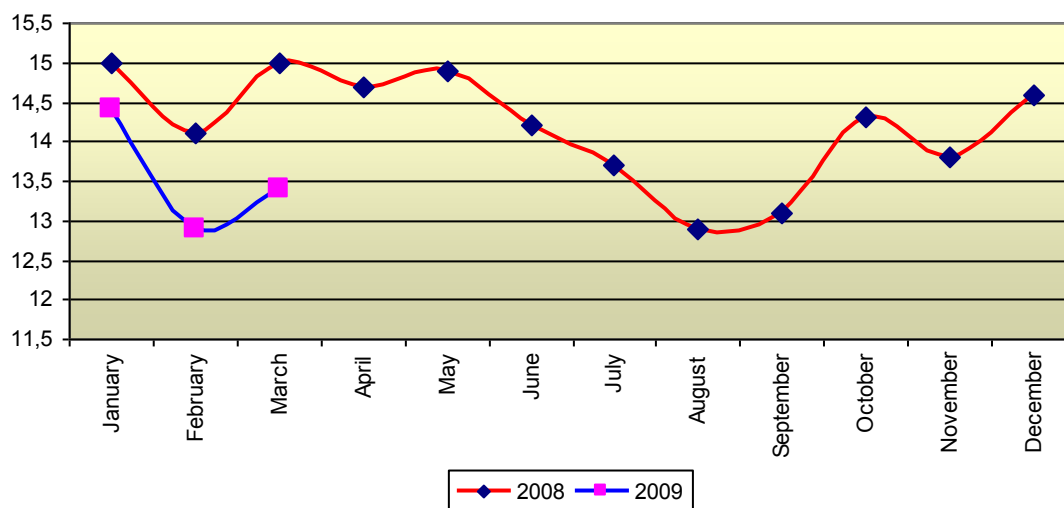
In first quarter of 2009 the lumber production dropped 29,3% compared to first quarter of 2008. The drop in pulp and paper production was 13,9%.

ECONOMY

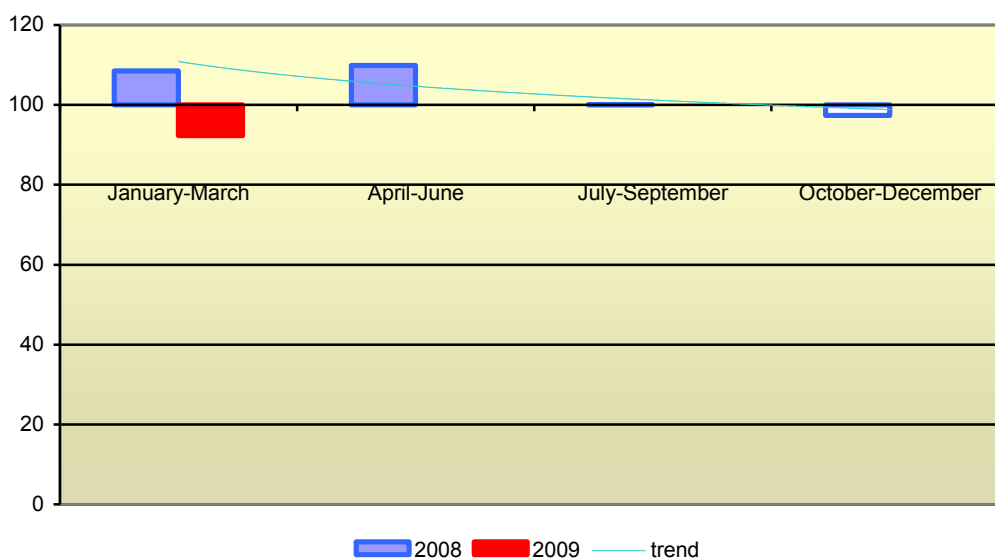
Cargo turnover

The transport turnover in January-March of 2009 decreased 7,7% compared to the same period of 2008 and totaled 40,8 billion tons/km. This result was achieved basically because of decline in pipeline cargo turnover - 7,3%. The share of regional pipeline transport is 92%. The decline in railroads cargoes transportation was 13%. The decline in loading volume of all products, except construction materials (56% growth), has negatively influenced the railroad cargo transportation.

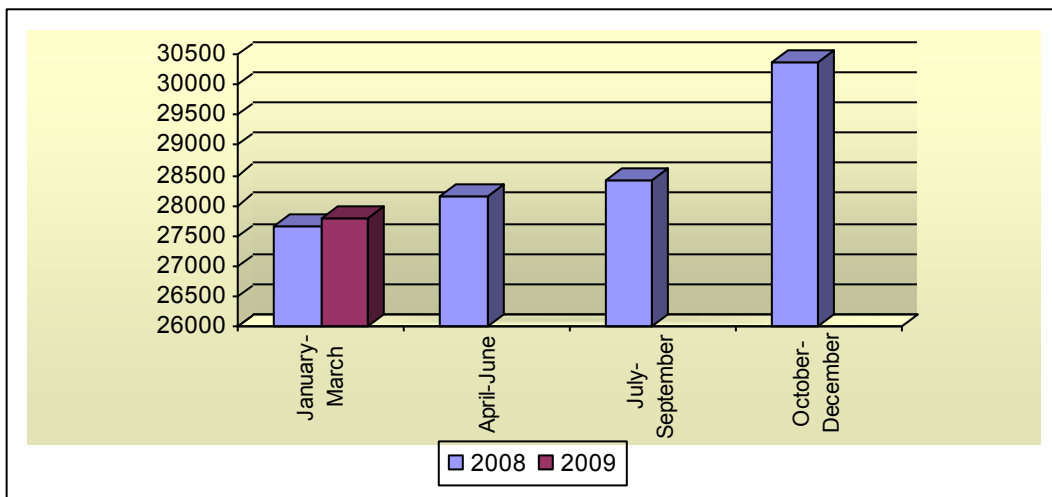
Dynamic of cargo transportation turnover in Republic of Komi in 2008-2009 (Billion tons/km).



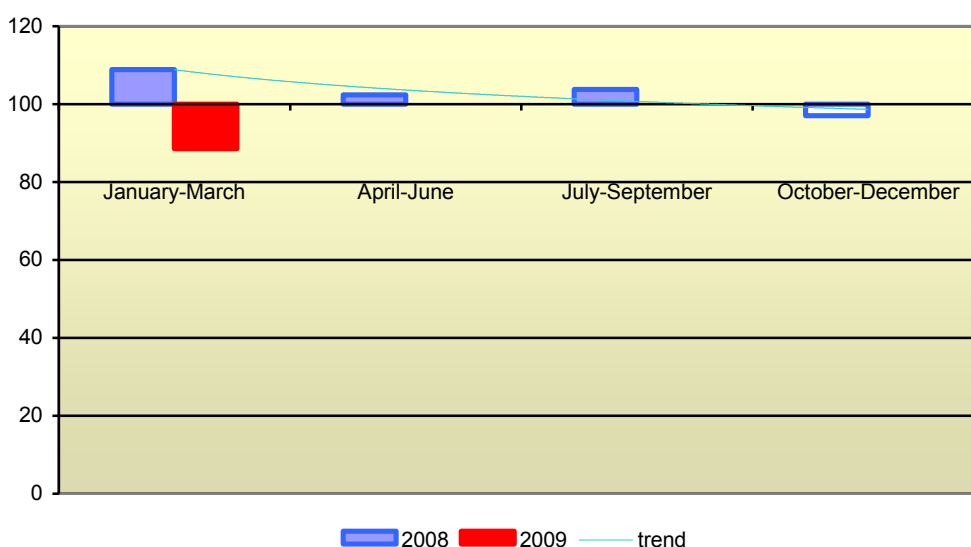
Dynamic of cargo transportation turnover in Republic of Komi in 2008-2009 (% to the correspondent period of the last year)



Retail trade turnover 2008-2009 (million rubles)



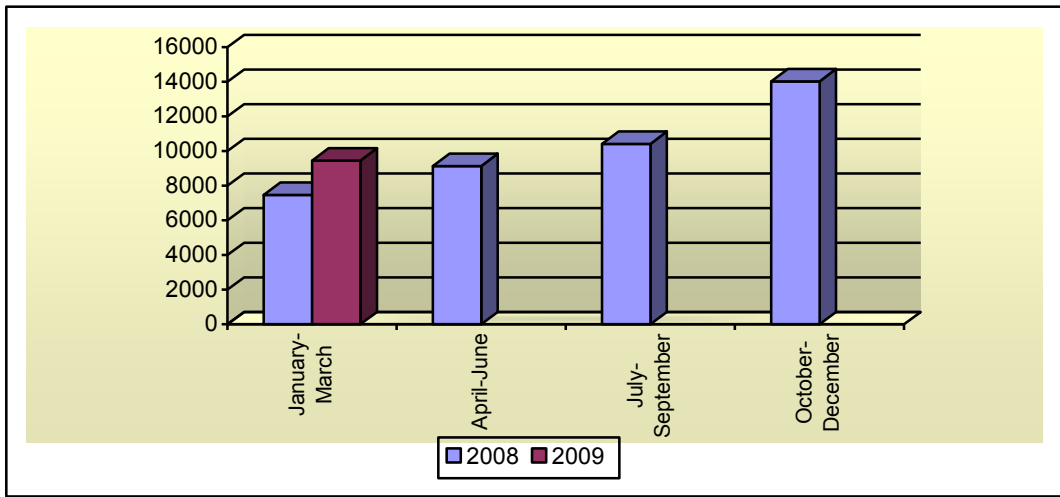
Retail trade turnover 2008-2009 (% to the correspondent period of the last year)



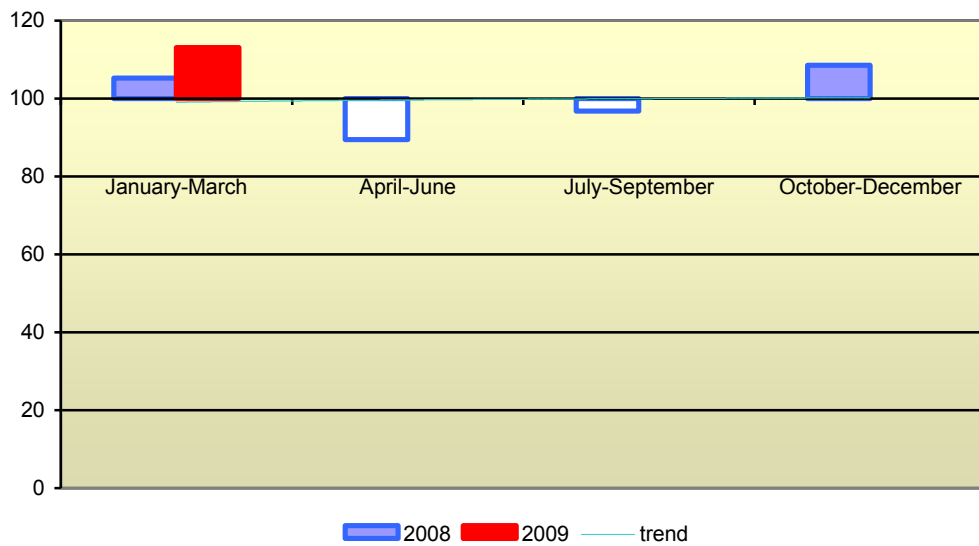
Construction

The growth rate in construction significantly increased in March. The quarterly growth was 13% compared to January-March 2008. The volume of construction works totaled 9,5 billion rubles. This result was achieved basically because of the ongoing construction works at the Bovanenkovo – Ukhta gas pipeline.

Volume of construction works 2008-2009 (million rubles)



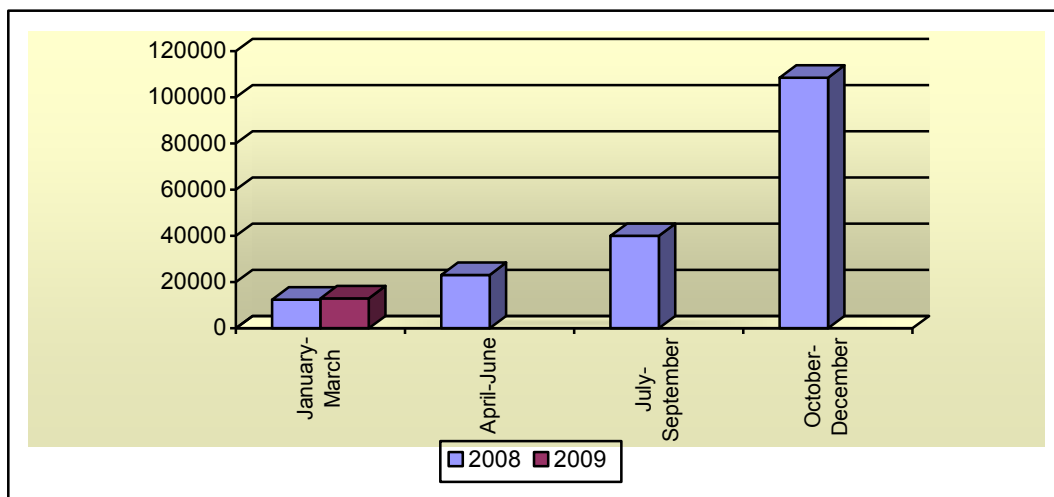
Construction works 2008-2009 (% to the correspondent period of the last year)



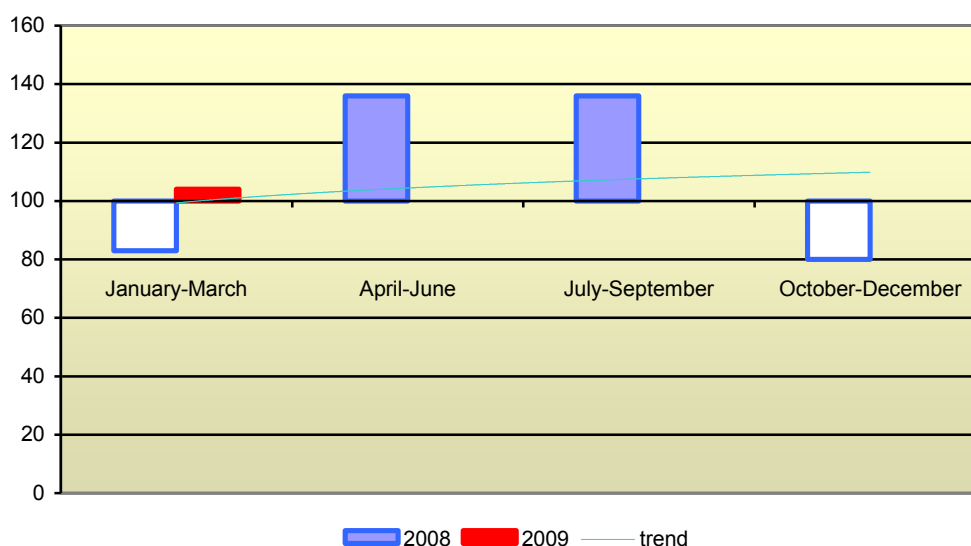
Housing construction

Housing construction increased 4% compare to the first quarter of 2008 and totaled 13000 sq.m. or 212 flats.

Volume of housing construction 2008-2009 (sq.m.)



Housing construction 2008-2009 (% to the correspondent period of the last year)



POPULATION

The population of the Republic of Komi has been steadily decreasing since the beginning of 1990s. The regional population in 2008 decreased by 9,600 and totaled 958,500 people at January 1, 2009 (estimation).

In January - March there were rise of birth rate (+3,5%) and mortality rate (+8,5%) compare to same period of 2008. The index of population loss (per 1000 people) in first quarter of 2009 was -2,2 and for the first quarter of 2008 was -1,5.

In January-March the number of population employed in the economy of the republic decreased with 1% compared to the same period of 2008 and totaled 389,800 people.

In the end of March, the number of officially registered unemployed people totaled 16,600 (31% more compare to the same period of 2008). Concurrently the declared needs of employees of the

companies and organizations were 4,400 working places. The level of unemployment was 2,9% in the end of March (2,7% for Russia).

The average monthly income for first quarter of 2009 increased 7% compared to the same period of the previous year and totaled 18,400 rubles. This is 37% more than the average Russian level. But if we will take into account inflation and taxes, the real incomes decreased 6%.

Republic of Komi. General information.

Territory:	416,8 thousand sq. km. (2,4% from Russia's territory)
Population:	958,5 000 people (January 1, 2009)
Population density:	2,3 per sq. km.
Level of urbanization:	75,7%
Ethnic structure:	25% Komi
GRP:	212 billion rubles (2006)
Main cities:	Syktyvkar - 245,8 thousand people Vorkuta – 134,2 thousand people Ukhta – 127,4 thousand people Pechora – 66,3 thousand people Usinsk – 52,8 thousand people Sosnogorsk – 52,5 thousand people
Main industry production:	wood processing and pulp and paper operations, oil and gas complex, ore mining, biotechnological industry, building materials industry, construction, power, water and gas generation and distribution