

Barents Monitoring

Komi Republic, second quarter 2009

The Social-Economic development of the Komi Republic in April-June 2009¹



Trends

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

INDUSTRIAL PRODUCTION

Regional industrial production increased by 0,6% in the second quarter of the year compared to the same period of 2008. As for the period January-June, the total regional production decreased by 3% compared to the same period of 2008. The major decrease was within coal mining, wood processing, pulp and paper production, textile industry, construction materials production, chemical industry.

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

The oil production kept growth in second quarter.

The growth rate in construction significantly increased in April. The quarterly growth was 23,1% compared to the same period of 2008. This result was achieved basically because of construction works at the Bovanenkovo – Ukhta gas pipeline.

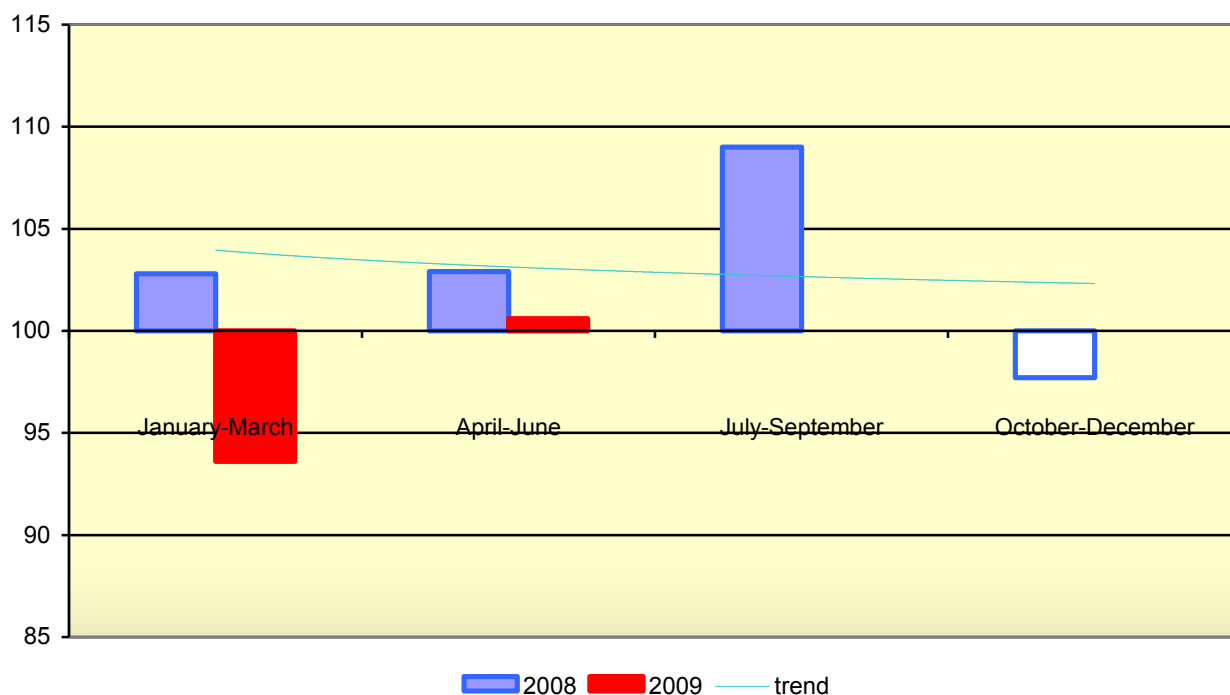
The housing construction demonstrated 26% downswing in second quarter compared to April-June 2008.

The first quarterly growth in the agricultural sector totaled 9,9%. This result was achieved basically thanks to growth in eggs production and pig breeding. But the milk and cattle meat production declined.

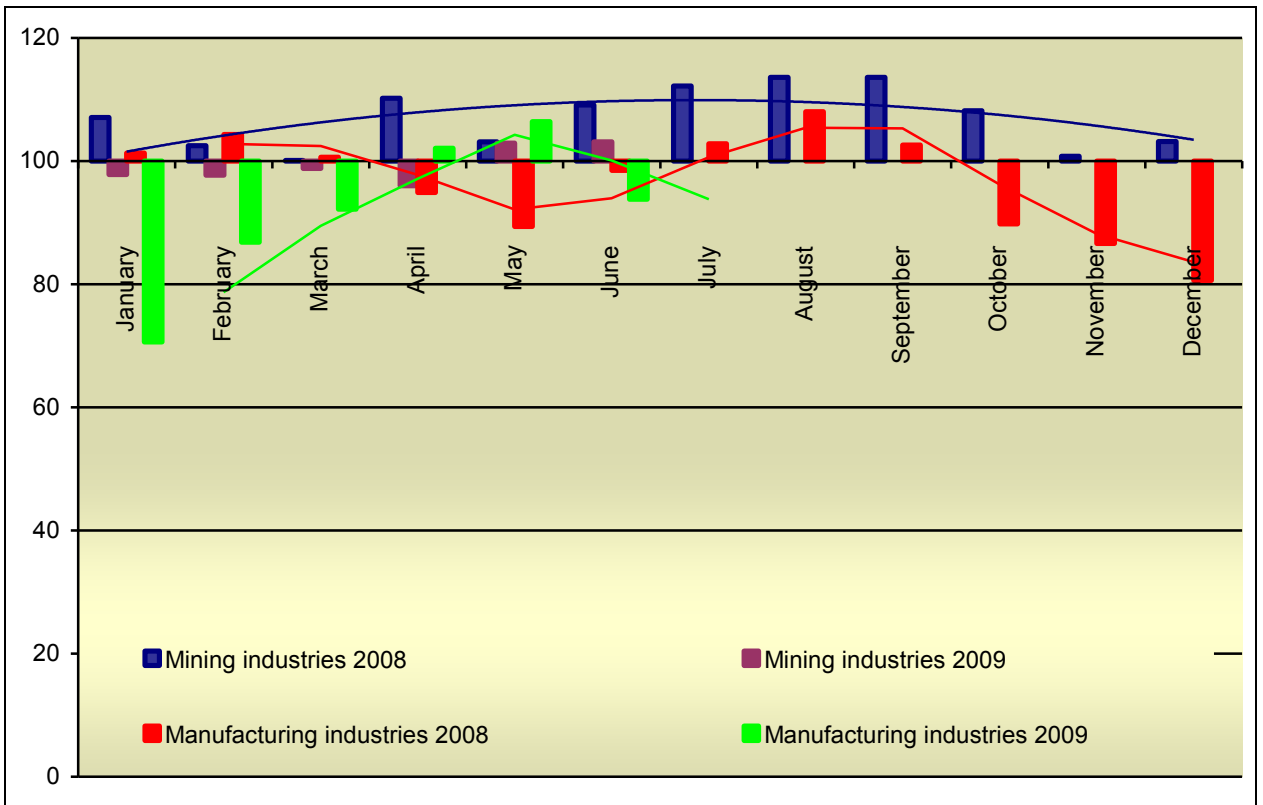
The retail trade turnover dropped 14,9% in second quarter. In January-May the real average incomes of population decreased by 6 % compared to the same period of 2008.

The volume of investments showed January-May growth of almost 243% compared to the same period of 2008.

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



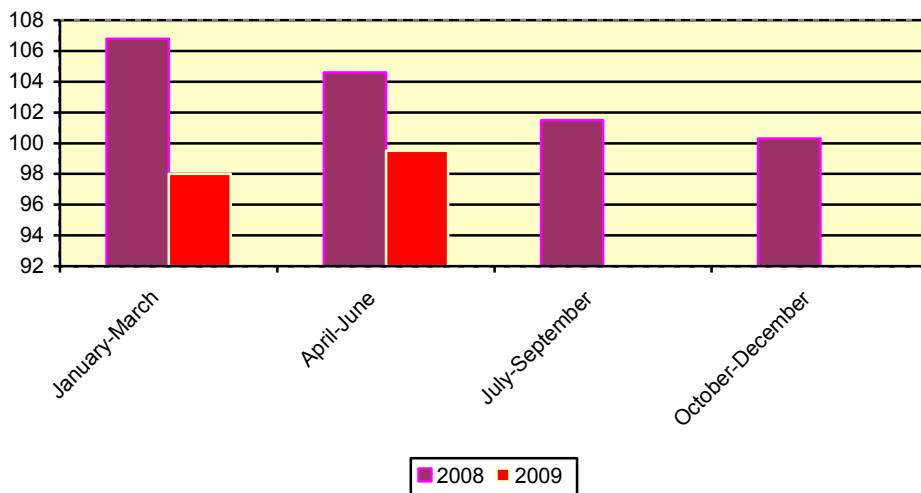
Index of industrial production in the mining and manufacturing industries (% to the correspondent period of the last year)



Electric power generation

In April-June the generation of electric power decreased 0,5% compared to same period of 2008. For January –June the generation of electric power increased 0,3% and totaled 4897,9 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 (including natural gas condensate) in January-June of 2009 increased by 1,6% and totaled 6,72 million tons. Production of gas decreased by 5,4% and totaled a volume of 1,615 billion cubic meters. Coal mining decreased by 14,9% and made 5346 thousand tons.

Timber industries

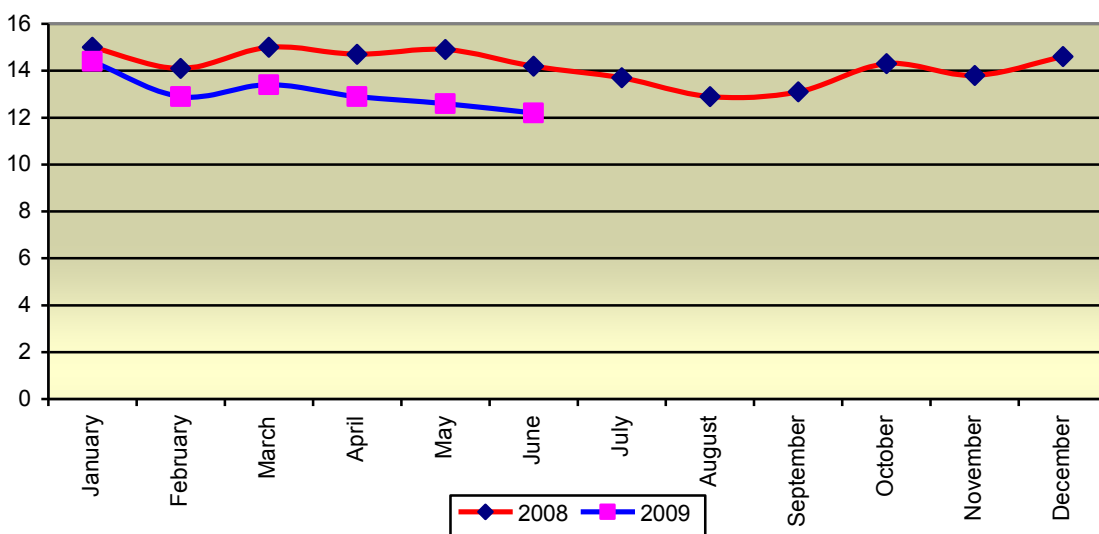
In January-June of 2009, the lumber production dropped by 23,8%, compared to same period of 2008. The pulp and paper production decreased by 5,7%.

ECONOMY

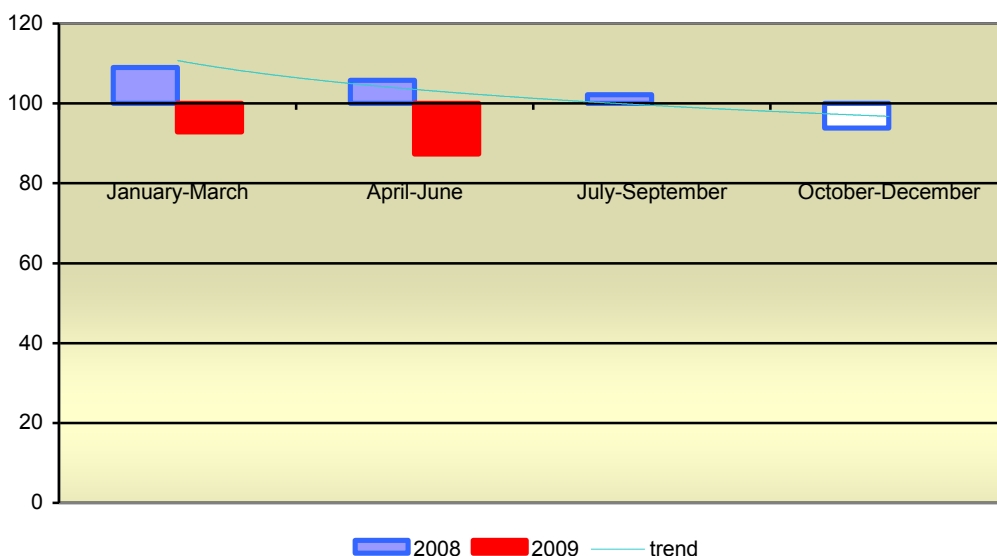
Cargo turnover

The transport turnover in April-June of 2009 decreased 13,7% compared to the same period of 2008 and totaled 37,6 billion tons/km. This result was achieved basically because of decline in railroads cargoes transportation - 16,6%. The decline in pipeline cargo turnover is 10,3% and 5,6% in automobile cargo turnover. Oil and coal were dominant in the structure of railroads cargoes transportation. The share of these two raw materials was 72% of the total volume of cargo in the period January-June 2009.

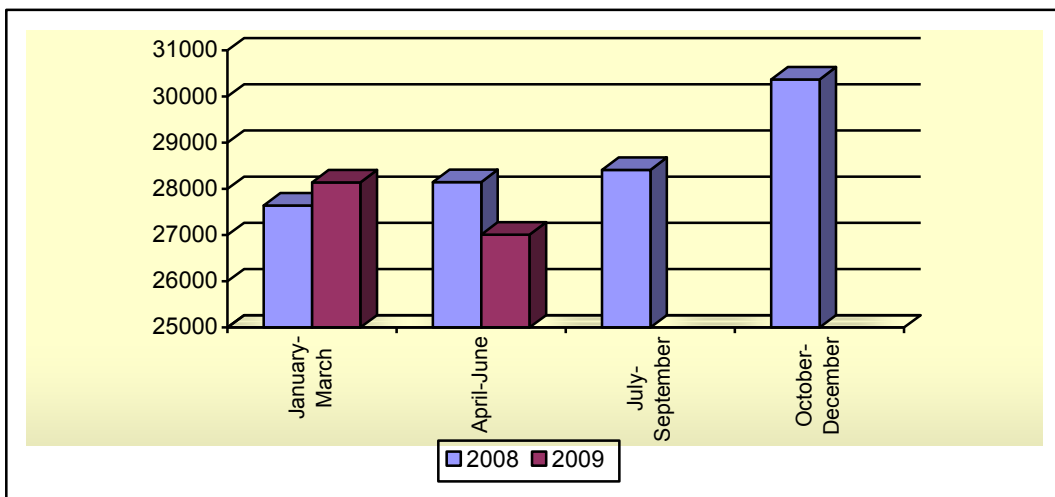
Dynamic of cargo transportation turnover in Republic of Komi in 2008-2009 (Billion tons/km).



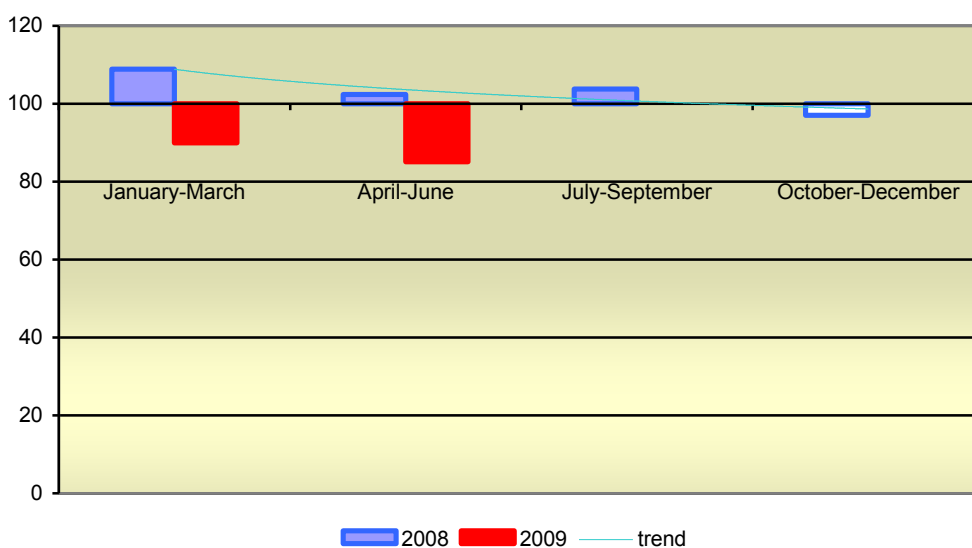
Dynamic of cargo transportation turnover in Republic of Komi in 2008-2009 (% to the correspondent period of the last year)



Retail trade turnover 2008-2009 (million rubles)



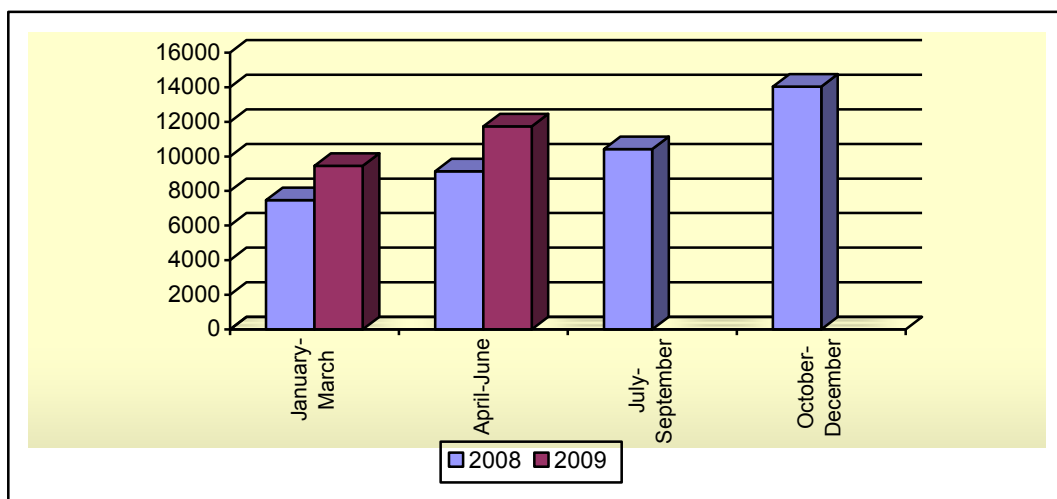
Retail trade turnover 2008-2009 (% to the correspondent period of the last year)



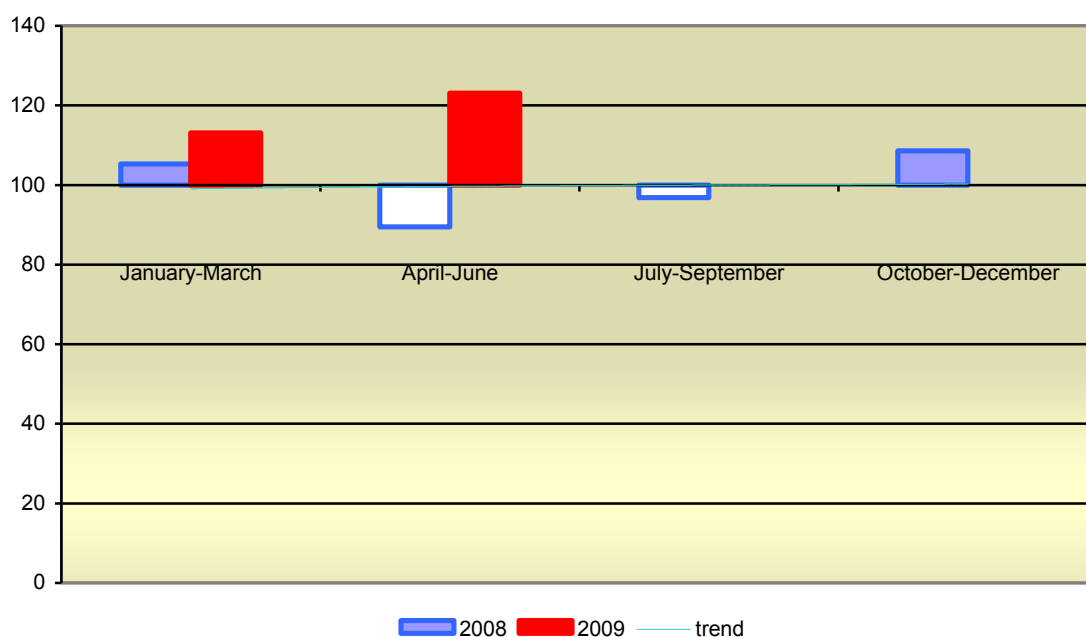
Construction

The volume of construction works significantly increased in the second quarter. The quarterly growth was 23,1% compared to same period of 2008. The volume of construction works in January-June totaled 21,2 billion rubles or 118,9% compared to same period of 2008.

Volume of construction works 2008-2009 (million rubles)



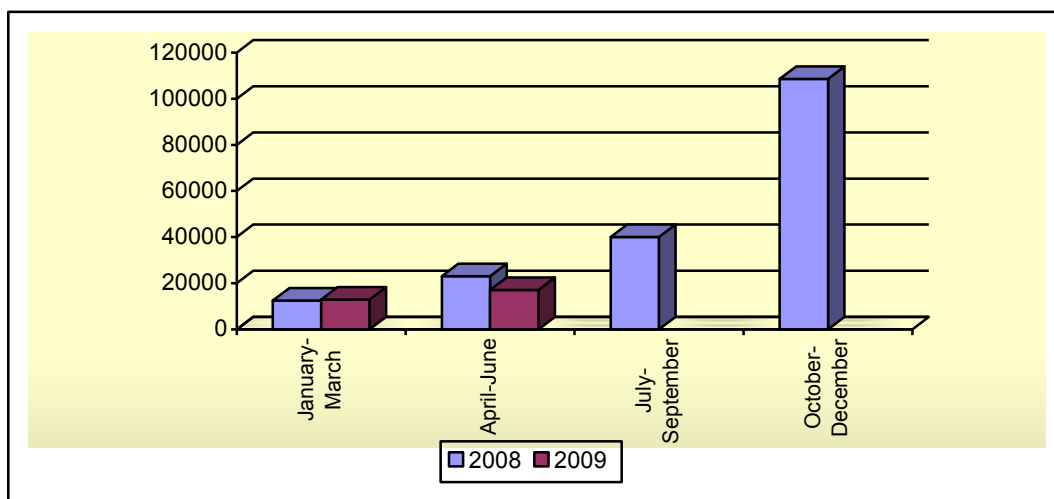
Construction works 2008-2009 (% to the correspondent period of the last year)



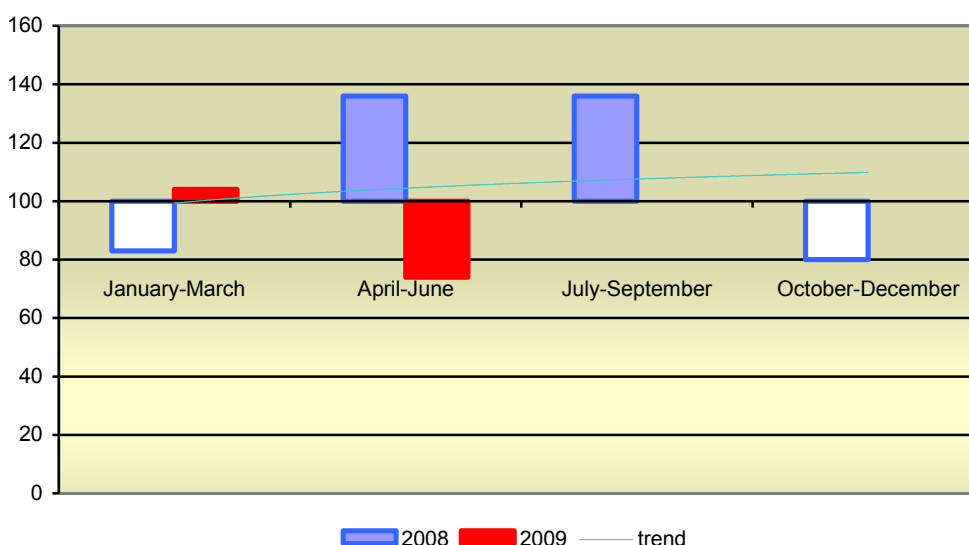
Housing construction

In second quarter, the housing construction decreased 26% compared to same period of 2008 and totaled 17100 sq.m. The housing construction decreased 16% in January-June compared to the same period of 2008 and totaled 30100 sq.m. or 436 flats.

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



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



POPULATION

The population in Republic of Komi has been steadily decreasing from the beginning of 1990s. The regional population at June 1, 2009 stood at 955,700 people (estimation). That is a decrease of 2,800 (or 0,3%) from start of the year.

In January-May there was a rise in birth rates (+6%) and mortality rates (+3,1%) compared to the same period of 2008. The index of population loss (per 1000 people) in January-May of 2009 was -0,8 and for the same period of 2008 was -1,1.

In January-May the number of people employed in the regional economy decreased with 1,1% compared to the same period of 2008 and totaled 389,000 people.

In the end of June, the number of officially registered unemployed people totaled 15,803 (5% less compared to the same period of 2008). Concurrently, the declared needs of new employees in companies and organizations were 6,858 working places. The level of unemployment was 2,8% in the end of June.

The average monthly assigned salary in January-May of 2009 increased by 113,6% compared to the same period of the previous year and totaled 21,919 rubles. But if we will take into account inflation and taxes, the real monthly assigned salary decreased by 0,3%.

Republic of Komi. General information.

| | |
|---------------------------|---|
| Territory: | 416,8 thousand sq. km. (2,4% from Russia's territory) |
| Population: | 955,7 000 people (June 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 |