

3.3. PRIORITY DIRECTIONS AND PROJECTS FOR MURMANSK OBLAST DEVELOPMENT

The program for socio-economic development for Murmansk Oblast for the period 2004-2008 approved by a regional legislative act is a natural continuation of the application of the strategic and programming-targeted methods of management and the instrument for the realization of the Strategy.

The main purpose of the Program is creating conditions for the consistent increase of living standards and quality of life of population, and the development of the social sphere on the basis of the sustainable economic development of Murmansk Oblast.

The program defines the specific activities aimed on the realization of the purposes and the tasks of the socio-economic development for the medium-term period in accordance with the priorities set in the Strategy. Some additional mechanisms of the interaction with the federal authorities are defined in the Program, including interaction in the framework of the federal task programs. Currently Oblast is participating in 16 federal task programs.

The Program includes projects and activities, determining the pace of the economic development and substantially influencing the realization of the issues in social block. Their total number is 255, including 146 in economy, 108 in housing and communal services, health care, education, culture and other spheres. The total amount of financing for the Program in 2004-2008 (in annual average prices for 2004) is 87.4 billions of rubles.

1. Construction of the new plant with a production capacity 225 thousand tons of aluminum. This project is already guaranteed the necessary power supply and labor resources. The land has been allocated and necessary expert conclusions were obtained. The realization of such large-scale project with power-consuming production process (the share of the power consumption costs in the production of primary aluminum is about 30%) necessarily requires reliably forecasted and economically sound prices for the electric power. This project is one of the few projects, which is capable to increase twice the pace of the growth of the industrial production in the next three years and substantially increase the proceeds into the budget of Oblast. Besides, the Project will allow using more intensively the capacities for the extraction and processing of bauxite ore in the North-Western federal region (in Leningrad Oblast and Republic of Komi).

2. Development of Murmansk transport nodal point

The main strategic directions for development of the transport complex of the region are associated with realization of the General schema of development of the Murmansk transport nodal point, which was not included in the Strategy of economic development for Murmansk Oblast up to the year 2015.

Recently there were real advances in increasing the efficiency and competitiveness of Murmansk transport nodal point. The reconstruction of the commercial port and channel dredging in Kola Bay made possible to receive the ships greater than 200 thousand displacement ton (no other port in European part of Russia has the same capacity). Oil terminals with total capacity of more than 20 millions tons were constructed. The reconstruction of the ports in Oblast and the construction of the offshore oil terminals have created good preconditions for the development of Murmansk transport nodal point into the largest oil terminal in Russia and the Northern region of Europe, besides its traditional operations.

According to the order of the government of Russian Federation Lenmorniproekt has prepared the General schema of the development of the Murmansk transport nodal point (see diagram 3.16), which daily freight turnover will be according to the most conservative estimates more than 45 millions tons in 2010 and more than 56 millions turns in the year 2015.

THE CHEMA FOR PORT DEVELOPMENT AT THE WEST COAST OF KOLA BAY



Diagram 3.16. The plan for the development of the port at the west coast of Kola Bay

From left to right:

Coal terminal

Turnover: 2010 - 11 millions tons.
2010 - 11 millions tons.

Complex for general freight and containers

Turnover: 2010 -
2010 - 3 millions tons.

Perspective zones

Oil terminal

Turnover: 2010 - 10 millions tons.
2010 - 25 millions tons

Murmansk transport nodal point should become one of the support centers for the development of the export of transport services and realization of transit policy of Russia.

The Arctic Seaway, which was determined as an independent Euro-Asian transport route is once again becoming the main object for the state support.

Murmansk transport enterprises and organizations will continue to play an important role in the transformation of the national transport route into Arctic transport channel and international

transport channel for the transit shipments. Murmansk is considered "the Northern gates of Russia", which is understandable, because it is the main basic region in Arctic and the starting point for the transit by the Arctic Seaway. The presence of the powerful ice-breaker fleet creates sound preconditions for using this route for the transit of freights by sea using the advantage of the extended period of navigation and even all-the-year-round navigation in the western part of the route.



3. Murmansk Oblast as the basic region for hydro carbonate resources of Arctic shelf developing

The main aspirations and possible breakthroughs in the economy of Murmansk Oblast are related to the development of oil and natural gas deposits at the shelf and coastal zone of Northern seas. In the future maritime deposits of hydro carbonates will play a significant in supplying Russia with power resources and their significance will grow, because of gradual exhausting of continental deposits.

The most perspective is Western Arctic shelf, which area is more than 2.6 millions of square kilometers under the waters of Barents, Pechora and Kara seas.

This shelf contains about 75% of total deposit of hydro

carbonates of all shelves, belonging to Russia, and one could expect that a new oil-producing region will be developed in this area in the near future. There several preconditions for the rapid development of this area: its proximity to industrial regions of the North of Russia, which are potential consumers for oil and gas, the opportunity to transfer cargo to Western Europe and America using non-freezing Murmansk port - these are important reasons for the rapid estimation of the deposits and rapid start of oil and gas extraction in the region.

Murmansk Oblast should become the basic region for the development of hydro carbonate resources on the shelf of Western Arctic, where the production will start in 2008-2010.

The development of the maritime deposits of Barents, Pechora and Kara seas will help to resolve fuel-energy problems of Murmansk and Archangelsk regions, to increase significantly the economic potential of the northern territories, to increase their budgets and eventually to improve the quality of life of the population.



On September 8th, 2005 the "Declaration of intentions to invest into the objects of infrastructure of Shtokman field on the condition of the application of technology of liquefaction of gas and the realization of multifactor analysis for the selection of the place for the liquefaction plant" was approved at the session of inter-departmental commission for the allocation of production facilities in Murmansk Oblast. The Declaration was

submitted by Giprospeftgaz by the order from "Gasprom". Shtokman field of gas condensate, which deposits are estimated as 3.2 trillion of cubic meters of gas, will serve as a resource base for the project. The project will require capital investment in amount of 12 billions US dollars, including 4.4 billions for investing in Murmansk Oblast.

The effects from the realization of the project will be following:

- new jobs and new contracts for Murmansk Oblast and other regions of the country,
- modernization of local production,
- significant tax proceeds into regional and local budgets, amounting only for Murmansk Oblast about 180 millions US dollars annually.

The realization of the investment programs, which is planned for the period 2006-2015, will allow to increase the volume of industrial production in 1.5 times in 2010, to double it in 2012, and to increase almost in 2.5 times in 2015. Gross regional product will have similar dynamics.