"BELKOMUR" PROJECT

BALTIC RUSSIAN PORTS

NORTHERN RUSSIAN PORTS

ST.-PETERSBURG

YAROSLAVL

MOSCOW

KAZAKHSTAN, CHINA

NORILSK

KAZAN

SALAR

STAVROPOL

VORONEZH
Description of "BELKOMUR" project

Participating regions:
- Arkhangelsk region
- Komi Republic
- Perm Krai

Length: 1 161 km
- New construction – 712 km
- Reconstruction – 449 km

Estimated construction cost: 251,5 bullion rubles
- Designing – 6,2 bullion rubles
- Construction – 204,6 bullion rubles
- Reconstruction – 40,7 bullion rubles

Cargo flow*:
Southern chain
- To the North – 33,8 million tons
- To the South – 3,4 million tons

Northern chain
- To the North – 32,9 million tons
- To the South – 8,1 million tons

Cargo flow structure

- Chemical mineral fertilizers: 37%
- Coal: 7%
- Ore cargo: 9%
- Other cargo: 7%
- Oil cargo: 5%
- Containerized cargo: 1%
- Forest cargo: 5%
- Mineral construction materials: 7%

* показатели 2035 года
Organizational-legal project scheme

Grantor (Roszheldor)

Financing institutions

Private investor (Poly Technologies)

Construction company

Concessionary SPK

Russian Railways

Carriers and shippers

Investments in the construction

Turn key construction contract

Grantor’s payment under Concessionary Agreement

Withdrawal of existing sections in favor of Grantor

Contract for infrastructure care and maintenance and provision of transport services

Payment for carriage of goods
Main peculiarities of organizational-legal model

Realization of project under Concessionary agreement between Special Engineering company (concessionary), share of strategic investor is more than 51 % and Russian federation in the person of Roszheldor or (in case changes in legislation) Russian Railways;

Concession term – not less than 30 years;

Considering of newly constructed and reconstructed main line sections as an integral concession object; Transfer of reconstructed sections to the Concessionary on a free-of-charge basis for this, in accordance with 115-FZ, they are to be previously withdrawn from Russian Railways and transferred to Roszheldor (scheme, where JSC “Russian railways” is a Grantor could be more effective, but it requires a special decision and changes in the legislation);

Design and construction are to be executed by a Concessionary;

Operation of the constructed main line, delivery of services with its use to the carriers and shippers is made by Russian Railways under a special Contract with a Concessionary, which defines parties obligations concerning infrastructure maintenance and operation, and revenue distribution principles, covering expenses of Russian Railways with calculated (not fixed) profitability;

Grantor assumes risks of occurrence of particular circumstances (negative change of applied legislation, illegal actions or absence of actions of state authorities, caused disruption of construction deadlines, windfall increment in the value of construction and operation of the concessionary object, premature termination of a Concessionary Agreement etc.).
Project realization will allow...

Accelerate industrial and social and economic development of regions

- Project contribution in the increasing of total Gross Regional Product - 5,1 %
- Budget effectiveness index - 14,1
- More than 40 enterprises, situated in the area of a new main line will gain the possibility of development
- More than 100 of enterprises in the gravity area will increase their efficiency
- Private investment capacity - more than 750 billion of rubles
- Number of created jobs - up to 45 thousand people

Effectively eliminate infrastructural limitations

- Distance saving on transportation – up to 850 km*
- Investments in Belkomur (251,5 billion rubles) are comparable with investments in reconstruction of infrastructure of Russian railways (168 billion rubles) for pass of prospective intransit cargo flows

* - for route Solykamsk - Arkhangelsk
Project realization will allow…

Realization of Project will allow creating infrastructural basis for effective development of the region's richest natural resources

Arkhangelsk region
- Development of forest resources - additionally 4 million cubic meters
- Bauxite ore in Severoonezhsky bauxite ore area production increase (about 18% of Russian bauxite deposits)
- Exploration of Pavlovsky silver-bearing lead-zinc deposit.
- Recovering and use of limestones for paper-pulp industry
- Increase of industrial minerals mining (plaster-stone, building stone, gravel, sand)
- Diamond mining efficiency improvement at deposits named after M.V. Lomonosov and V.Grib.

Komi Republic
- Exploration of Russian-wide major deposits:
  - Bauxite of Timansky ridge (30% of national reserves)
  - Titanite ore of Yaregsky oil-titanite deposit (50% of reserves)
  - Quartz-vein raw materials (80% of reserves)
  - Increase of mining at Pechorsky coal basin (total reserves 242 bln tons, which includes prepared for mining - 4 bln tons)
  - Development of Ysinskoe oil field, Ozeyskoye oil, gas and condensate field, Vuktulskoe gas and condensate field
  - Development of oil shale fields (more than 6 billion tons of estimated reserves)
  - Development of ferromanganese and chromite ore fields of Nether-Polar Urals
  - Development of huge forest resources, only in southern part of republic economically available felling-area increases for 5 million cub. m/yr

Perm Krai
- The aforesaid line solves tasks of transportation of pent-up capacities of potassic fertilizers in the amount of up to 10 mln tons per year in Solikamsky basin (100% of Russian reserves, Verhnekamskoe field is one of the biggest in the world), and of magnesian and sodium salts
- Additional possibilities for forest resources development, which cover 70% of the Krai territory
- Construction materials production increase (limestone, plaster stone, anhydrite, keramzite clays, sand and gravel mix)

Connection with railway line of Northern Latitudinal Railway will allow to transport oil and gas (including liquefied) of Khanty-Mansyisk autonomous district and the Yamal-Nenets Autonomous District by railway main line, what will lead to additional project synergy
Project realization will allow...

create conditions for development of Arctic area of Russian Federation

- Arctic area of Russian Federation index zone on the basis of industrial and transportation-logistic cluster in Arkhangelsk region
- Industrial integration and scientific and production cooperation of arctic regions with Ural and Siberia regions, development of Northern Sea Route, Murmansk and Arkhangelsk seaports, international transport corridors
“Belkomur” – important element in Northern Sea Route development strategy and protection of national interests of Russia in Arctic Region

- “Belkomur” project provides development of transportation logistic infrastructure of Arctic areas in compliance with requirements of national financial security

- “Belkomur” provides enhancement of transport availability of populated areas of Arctic area and optimization of their inventory and logistics management

- “Belkomur” – rail way of meridian direction, which acts to use unique geographical advantages and transit potential of Northern Sea Route

- “Belkomur” – is an element of integral Arctic transport and infrastructure system, providing development of natural resource potential of Russian Arctic Area and Arctic seas shelf. Northern section of “Belkomur” will provide direct cargo way from Eastern arctic regions to ports of Murmansk, Arkhangelsk, and Belomorsk, and its Southern section – to the industrially developed regions of Ural and Siberia.

- “Belkomur” stimulates development of northern ports of Murmansk, Arkhangelsk, Sabetta, which serve as supporting centres of Russia in Arctic Region. Conditions for efficient modernization of material and industrial base of ice-breaking and hydrographic fleet, shipbuilding and ship repair facilities are created.
Synchronization of "Belkomur" with Northern Latitudinal Railway, Murmansk transportation hub and construction of Sabetta port at Yamal stimulates development and improvement of railway network as a basis of efficient functioning of Northern Sea Route, will provide increasing of track capacity, will raise effectiveness of transport corridors of North and Arctic Area of Russian Federation

"Belkomur" and Northern Latitudinal Railway

- Connect different sections of existing infrastructure
- Form new transport corridors, have rectifying function, decrease carrying distance up to 800 km
- Supposed for realization with involvement of private investors with Public Private Partnership schemes.
- Stimulate economic and social development of regions
- Are the most important elements of strategy of Revival of Northern Sea Route and arctic Area of Russia

Perspective transport corridors of North of Russia

Results of cooperative realization of projects

- Creation of alternative transport direction, connecting industrially developed Ural regions and northern sea ports
- Optimization of cargo carrying routes at the account of partial unloading of Trans-Siberian Railway and transportation hubs of Moscow and St.-Petersburg
- Realization of transport potential of Russia, forming of integral Arctic transportation system and new transport direction of international transport corridors.
- Increase of transportation infrastructure provision of regions of Ural, Northern-Western and Volga federal districts.
Belkomur will add to developing of Murmansk transportation hub (MTH) at the account of forming of new effective route of transportation of cargo from Ural. Will provide loading of new projected port capacities.

Belkomur forms an effective logistic system for development of Arkhangelsk transportation hub, is a defining factor for construction of deep water area of Arkhangelsk seaport.

Belkomur optimizers transport logistics of cargo shipping to St.-Petersburg (including port “Yst-Luga”) at the account of forming of alternative railway route round about overloaded lines.
Increase of transport availability of territories due to Project realization creates the necessary basis for population growth in prosperity and business revival of hard-to-reach northern regions.

**Present transport availability of gravity territories of Belkomur main line**

- Perm Krai: 97 km
- Komi Republic: 41 km
- Arkhangelsk region: 30 km

**Belkomur for population of gravity territories**

More than 60 inhabited areas with population of more than 1,16 million people are situated near the route of Belkomur main line. With commissioning of main line access to the railway transport will get:

- In Arkhangelsk region – more than 100 thousand people (8% of region population)
- In Komi Republic – more than 380 thousand people (40% of region population)
- In Perm Krai – more than 200 тысяч человек (7.5% of region population)

Railway communication will add to economic revival of hard-to-reach northern regions, increase of life quality, improvement of medicine, education, employment, tourism.

**Transport availability of regions after start of Belkomur main line**

- New railroad lines:
  - Perm Krai: +310 km
  - Komi Republic: +248 km
  - Arkhangelsk region: +157 km

- Reconstruction of railroad lines:
  - Perm Krai: +247 km
  - Komi Republic: +193 km

*Indicator = length of railways (km) for 10 th. Km of territory

Analogous indicator for USA – 240 km, for EU – 536 km.
“BELKOMUR” project

Prospects for the development of transport system of European North of Russia

Scale 1 : 7 000 000