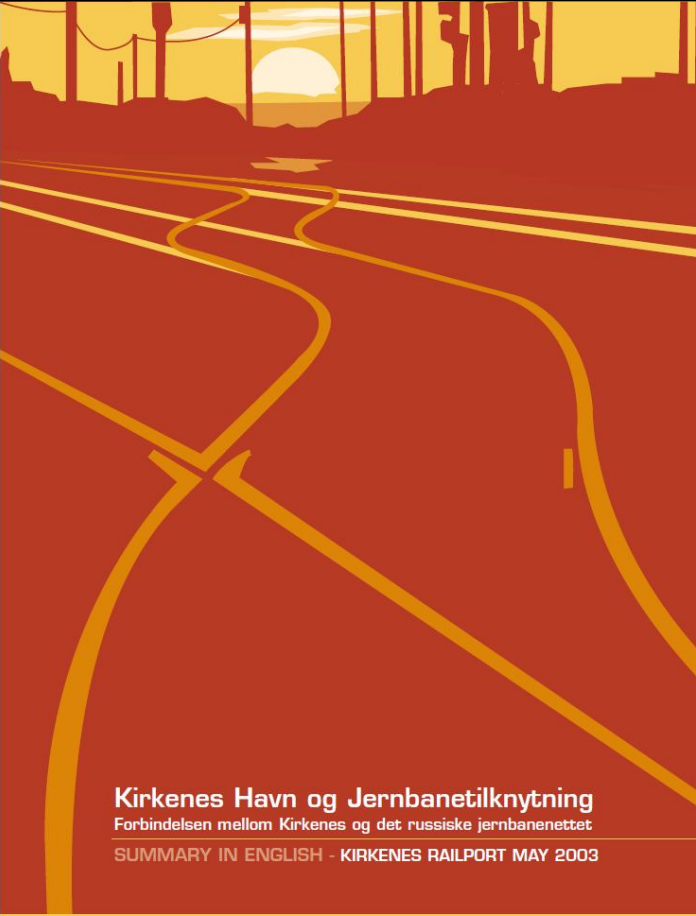
An underwater photograph showing a bright light source from above, creating a vertical column of light rays and numerous bubbles of various sizes. The water is a deep, dark blue, and the overall scene is dynamic and textured.

# Development of economic cooperation between Sør-Varanger and Pechenga





## Studies on cross-border logistics Kirkenes – Pechenga

- ✓ 1993: «Bulk port in Kirkenes with direct railroad connection to Russia» (Barlindhaug)
- ✓ 1996: Finnmark County Administration - «Connection between Kirkenes Large Bulk Carrier Port and the Russian Railway Network» (SINTEF)
- ✓ 2000: Finnmark County Administration - «Line study Kirkenes–Nikel» (Storvik & Co/Widerøe Plan)
- ✓ 2002: World Port Kirkenes – Feasibility study RailPort Kirkenes (WPK AS)
- ✓ 2003: Finnmark County Administration, Sør-Varanger municipality, Sydvaranger AS, Kirkenes Utvikling and the Barents Secretariat - Pre-study «Kirkenes Port and railroad connection – connection between Kirkenes and the Russian railroad grid» (Ergo Sensia/Storvik & Co)
- ✓ 2005: Kirkenes Næringsshage – pre-study RailPort Kirkenes. Oil cargoes. Potential for oil freight by railroad for reloading in or near Kirkenes

2002



**Kirkenes Havn og Jernbanetilknytning**  
Forbindelsen mellom Kirkenes og det russiske jernbanenettet  
SUMMARY IN ENGLISH - KIRKENES RAILPORT MAY 2003

2011

## STRATEGISK NÆRINGSSAMARBEID MELLOM PECHENGA OG SØR-VARANGER

HVILKEN BETYDNING KAN EN VISUMFRI SONE FÅ FOR  
NÆRINGSLIVET I SØR-VARANGER?



Foto: Thomas Nilsen BarentsObserver.com

RAMBOLL



2012

## «Den besværlige virkeligheten»

Norske bedrifters erfaringer  
fra næringsvirksomhet i Nordvest-Russland  
1990-2010



"Har Russland forandret seg, eller har  
vår forståelse av Russland forbedret seg?"

Bjørn Collier  
Direktør/Markedsleder

sherpa  
CONSULT

Akvaplan  
niva

## Russian ownership in North-Norwegian companies. Players, activities and economy of the enterprises (2012)



- Customer: Innovation Norway
- **Content:**
  - Method and limitations for the mapping
  - Challenges connected to the mapping
  - Mapping of companies with Russian ownership
  - Mapping of Russian companies with plans or intentions to establish business in North Norway
  - Summary remarks on 22 registered companies

**2013:  
Border trade at the  
Norwegian-Russian  
border**

Master in MBA  
Business by Eivind  
Tvedt and Harald  
Sørensen



UNIVERSITETET I  
NORDLAND

HANDELSHØGSKOLEN I BODØ • HHB

## MASTEROPPGAVE

Grenschandel

Ved den norsk-russiske grensen

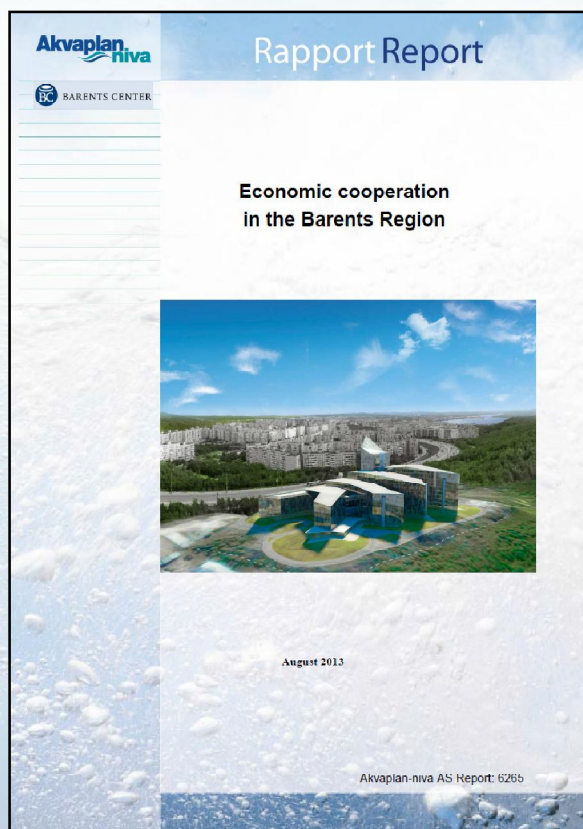
En studie av grenschandel mellom Sør  
Varanger Kommune og Pechenza Rayon høsten  
2013.

Eivind Tvedt og Harald Sørensen

EE336E Masteroppgave MBA Business in Russia



## Economic cooperation in the Barents Region (2013)



- Mapping of economic cooperation 2003-2013 and its development
- Customer: Ministry of business and trade (NHD)
- Cooperation with Barents Center
- **Content:**
  - Regional economic and investment policies in the Russian Barents Region
  - Public funding of cross-border projects
  - The effect of public financed projects
  - Cross-border investment
  - Economic impact of cross-border business
  - Challenges and the next steps
  - Border-crossing and the direction of business cooperation
  - Actions to improve framework for business cooperation

# Economic impact of Russian business and crossborder trade to the local economy of Sør-Varanger (2015)

*Pre-project initiated by the Norwegian Consulate General in Murmansk, managed by Kirkenes Næringsshage*



- **Content:**

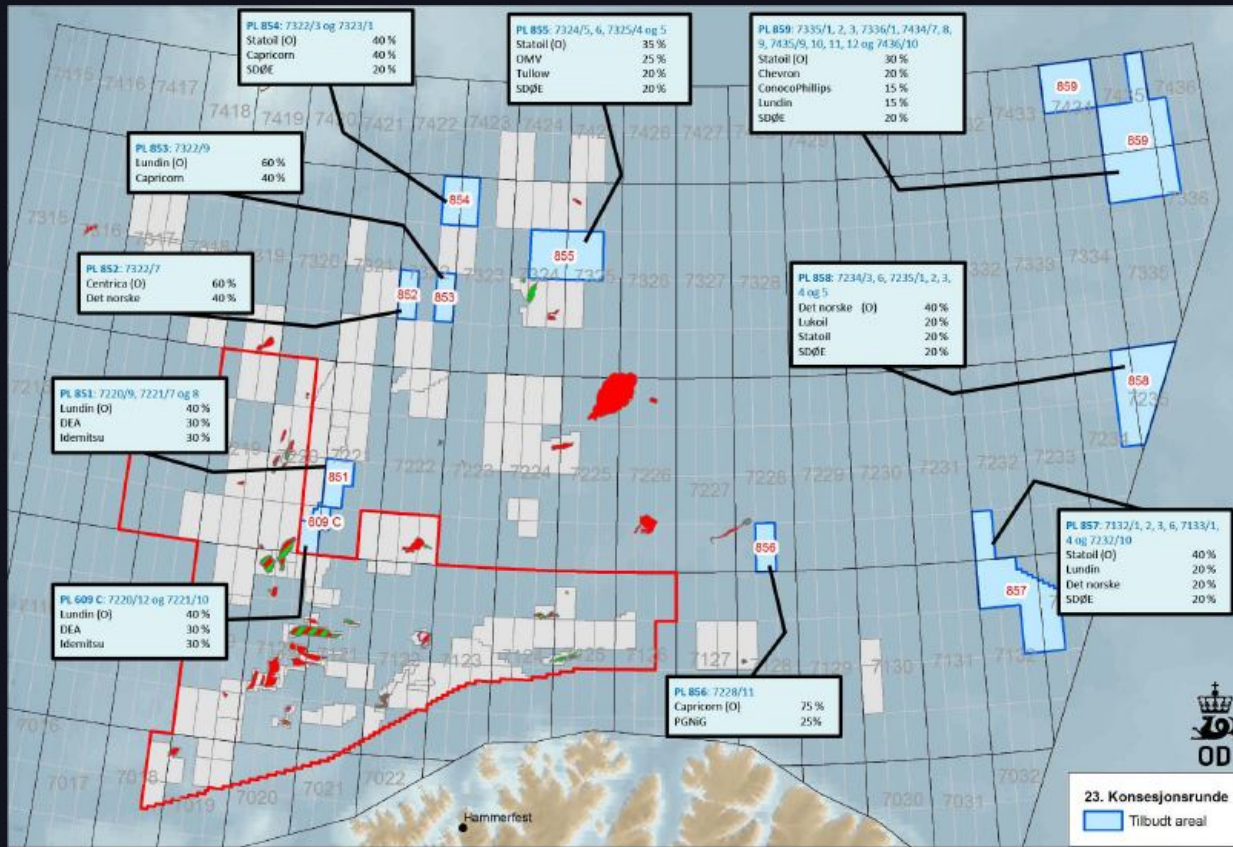
- Mapping value of business cooperation between Russia and Sør-Varanger
- Mapping value of private purchase (border trade) in Sør-Varanger
- Considering the impact of the trade on the most relevant local businesses
- Local employment effect of the trade
- Development pattern 2012-2014
- Prognosis for 2015



## Main findings

- ✓ Russia increasingly important for the local economy of Sør-Varanger – despite unfavorable political climate
- ✓ Port activities are the main lift, while retail sale peaked in 2013 and has decreased significantly in 2015
- ✓ Retail figures for 2015 also marked by uncertainty due to increased sale below the limit for VAT refund
- ✓ The Russian impact on turnover in Kirkenes value more than 765 million NOK – 43% of the total turnover in the mapping. A more likely estimate is 1 billion NOK
- ✓ An estimated 280 jobs in Kirkenes – 45% of total number in the mapping - depends presently directly on business with Russian customers
- ✓ Retail trade reduced by 30-35% during 2015, which corresponds with decrease in visa required border passing at Storskog
- ✓ Lack of comparative figures from Russian side! **To be followed up.**

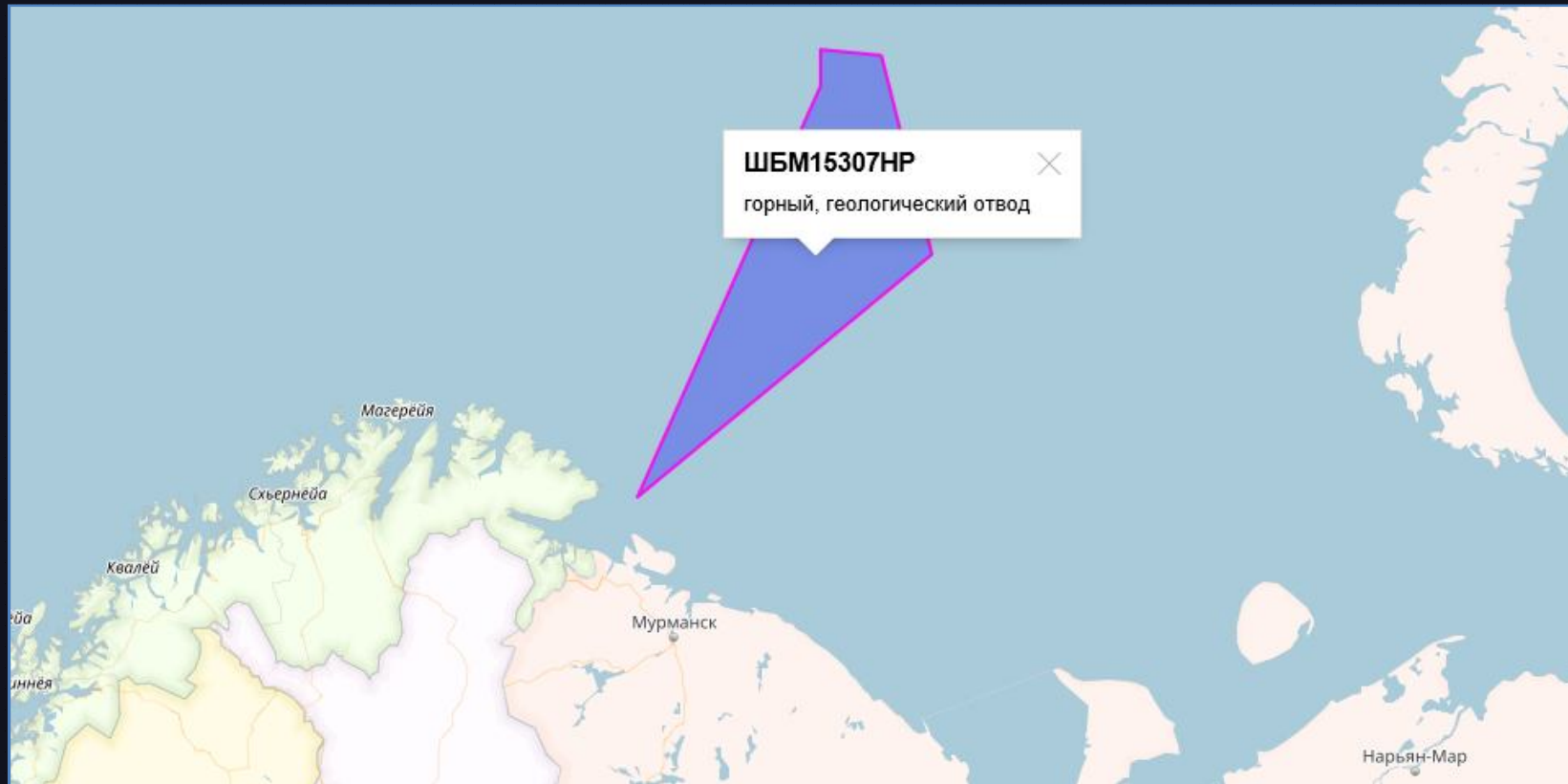
# 23rd Licence Round on the Norwegian Shelf, awards 18 May 2016



23. Konesjonsrunde  
 Tilbudt areal



The Fedinskiy license (Rosneft med Eni) – one of 15 active production licences on Russian shelf of the Barents Sea



## Challenges for economic cooperation between Sør-Varanger and Pechenga

- Businesses built up around mining and defence creates similarities in structure
- Basis for competition instead of complementary services
- Small business units with lack of human resources for cross-border cooperation and joint innovative actions
- More than 50% of 190 companies in Pechenga are retail shops, rest mainly construction, transport and primary business
- In Sør-Varanger around 230 companies, but similar split

## Opportunities?

In short perspective:

- Tourism and adventure travel
- Aquaculture

In longer perspective:

- Petroleum development; supplier development, skilled labour, training, joint industrial projects
- Revitalization of logistic project ideas, as railroad and cargo terminals



Akvaplan  
niva