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B2B: Far East of Russia – Quest for New Opportunities

By Ivan Zavedeev

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Dear Moscow Times Readers,

I would like to raise the issue of Regional developments in the Russian Far East. This article was written based on my good memories of several past visits to Kamchatka, Sakhalin, Chukotka and Khabarovsk, which took place in early 90s, and impressions on my visits to Kamchatka to attend the Far East Investment Forum (FEIF) 2014, and most recently meeting with Khabarovsk Territory Administration representatives, aimed to discuss potential business opportunities in the Region.

It is very important to mention that the Russian Far East is very diversified and rich in mineral resources and provides unique complex development opportunities in many sectors including oil and gas, chemicals, mining and metallurgy, wood processing, sea bio-resources processing and much more besides. The availability of qualified labor and demand for production facilities such as machine building, tools production enterprises and maintenance services creates additional opportunities for investment in new production.

The existing combination of available fossil resources (gas and coal) and existing alternative power generation possibilities including geo-thermal, tidal and wind-power stations, can boost regional power sector developments, which can be seen as an important milestone in development and empowering local residential and communal projects, enterprises and infrastructure.

One of the most important milestones in the development of the Far East region is the expansion of existing transport infrastructure and sustaining capital investments in existing facilities. In order to keep up the growth pace and match growing demand for passenger and cargo traffic, many development projects still need to be launched and implemented.

Among the key priorities are federal and regional Airports and their infrastructure, including passenger and cargo terminals, aprons, taxi and runways, signaling, control and automation systems. It is good to see that some developments are ongoing. Those include Vladivostok Knevichi airport, where AECOM has performed construction management works. There is a major Khabarovsk Airport development project, which now is under the design development phase. The terminal building will serve as a proposed anchor facility for the proposed "AeroCity" complex development which will include office and multifunctional buildings, trade mall and infrastructure. New regional airport upgrades and new projects have been completed or are ongoing. Among the completed projects are «Burevestnik» in Iturup Island in Sakhalin region. Few regional airports projects are ongoing in the Kamchatka and Khabarovsk territories.

Far East territories have good potential for the establishment of a few transport hubs, associated with cargo trans-shipment and require new intermodal terminals, which will provide quicker, more efficient and cost effective road-to-sea and rail-to-sea cargo solutions. Passenger and cargo ports development can promote more efficient procurement solutions to the remote territories and boost tourism and recreational projects development.

Special focus should be paid towards projects developing "Territories of Advanced Development." There are a few such a projects in Far East. I would like to mention one project development of a complex on "Bolshoi Ussuriyskiy Island" located in Khabarovsk Territory. The project will provide opportunities for investment in production and logistics facilities providing full complex utilities and infrastructure solutions. It is expected that such complex developments of industrial, residential and social compounds will become driving forces, which will accelerate regional economies and communities in the Far East. The location of such Advanced Development Territories will provide easy outreach to regional resources and markets, and will create demand for cutting-edge processing solutions, leadership, and efficient know-how.

Following over to the existing economic situation and market middle outlook development predictions for key mineral commodities including oil and gas, iron ore, coal and several base metals, many producers launched their production optimization programmes to reduce production costs and increase their production efficiency. Many programmes do cover technical due diligence and operational efficiency assessments, existing supply-chain reviews, production and export logistics evaluations as well as several other pertinent matters.

The Far East provides a number of project opportunities for, say, the mining and metallurgy sector, and its close proximity to export ports and existing clients in the Asia Pacific Region makes either sector's operation both efficient and competitive. I personally know a few success stories.

If you have any project considerations, we would be glad to talk with you and share with our ideas and experience.

Let's go Far East together!

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