

June 2020

KEY TOPICS:



STATE POLICY IN THE ARCTIC

23 June 2020, Intefax, RIA Novosti, TASS, and others.

Bills on the Arctic's special regime for business passed second reading

Deputies of the State Duma have approved on second reading a package of bills on creating a special regime in the Arctic that provides for discounted taxes for businesses, a register of participants, and free customs zone procedures.

The main bill sets the borderline for the Arctic zone that would include Murmansk Region, Nenets Autonomous District, Chukotka Autonomous District, Yamal-Nenets Autonomous District, as well as a number of cities (Arkhangelsk, Severodvinsk, and Norilsk) and municipalities. A managing company is expected to sign contracts with individual entrepreneurs and legal entities for their investment activity and to keep the register of the Arctic Zone residents.

An individual entrepreneur or a company can become an Arctic Zone resident, if they plan to carry out an investment project or if they apply for new types of activity, i.e. something they were involved in prior to their application.

The residents will enjoy shorter and simplified inspections. The Arctic Zone will use the free customs zone procedure.

The bill entitles residents for federal, regional, and local tax cuts, as well as lower insurance fee tariffs. Besides, the government will be able to introduce other support measures for the Arctic Zone residents, including subsidies for loan interest return or coupon yield return that is part of investment projects.

interfax.ru/russia/714381

9 June 2020, TASS

Investors in the Arctic to get compensated for insurance fees by the FEDC

The Far East Development Corporation (FEDC) plans to partially compensate the Arctic Zone residents for insurance fees. The Corporation is now authorized to operate in this macroregion.

In February, the Government introduced a package of bills to the State Duma. This package was prepared by the Ministry for the Development of the Russian Far East and Arctic and includes benefits for investors in the Arctic. Thus, they can count on a lower insurance fee rate – 7.6% instead of 30%.

“Subsidies are provided to the joint stock company ‘The Far East Development Corporation’ (hereinafter referred to as the managing company) for further compensation of insurance fees to be paid by legal entities and individual entrepreneurs that have a status of the Arctic Zone residents for their employees that were hired starting from the date of the receipt of the notification from the managing company on inclusion them into the Arctic Zone register,” says the Government decree.

The costs will be reimbursed through advance payments, which will amount to the difference between the lower insurance fee rates (7.6%) and the regular ones (30%). The subsidy of the FEDC will be paid with the funds received by the Ministry for the Development of the Russian Far East and Arctic. At the same time, the managing company will need to account for these operations, ensure the results and submit appropriate reports to the Ministry for the Development of the Russian Far East and Arctic.

tass.ru/ekonomika/8689695

ENVIRONMENTAL STATUS OF THE ARCTIC

26 June 2020, TASS

NYT: Russia is facing a multibillion damage to its infrastructure due to melting permafrost

A historic heat wave and wildfires in Siberia, including the northern parts of Yakutia can harm the permafrost, which poses a multi-billion-dollar damage threat to Russia’s buildings and infrastructure before 2050.

The UN addresses a group of scientists in 2019. They concluded that permafrost melting can lead to global consequences due to the cumulative gas emission that causes the greenhouse effect. This process can result in producing 240 mln. tonnes of carbon dioxide by 2100.

At the same time, a warmer climate can be beneficial for Russia: less ice in the Arctic Ocean will make navigation between Asia and Europe more active. However, it may come at a high price. The damage to Russia’s buildings and infrastructure caused by the permafrost melting can exceed USD 100 bln. by 2050.

tass.ru/ekonomika/8819439

19 June 2020, The Arctic, TASS, Rossiyskaya Gazeta, and others.

Rostekhnadzor to complete inspection of Arctic-based companies by 24 July

Rostekhnadzor (Federal Service for Environmental, Technological, and Nuclear Supervision) is to inspect 426 oil and petrochemicals storage facilities in the Arctic. The inspection is scheduled to be completed by 24 July.

"We [Rostekhnadzor] together with the Rosprirodnadzor (Federal Service for Supervision of Natural Resources), the Ministry of Civil Defence, Emergencies and Disaster Relief of the Russian Federation, and our colleagues from vertically integrated companies operating in the Arctic Zone agreed that we would start our joint efforts to inspect facilities used in transporting oil and petrochemicals. We will strive to complete this work and check 426 hazardous facilities by 24 July," said Deputy Head of the Service Aleksey Ferapontov.

All companies will get inspected at the same time.

ru.arctic.ru/infrastructure/20200619/948352.html

17 June 2020, TASS, RIA Novosti, and others.

Alexander Novak: all new oil and gas facilities account for melting permafrost

Russia's new oil and gas facilities in the Arctic account for melting permafrost in this area. That is why the odds of an emergency are dismal.

"As for environmental safety in general, Russia's oil and energy segment places special attention on this issue. We have appropriate legislation and specific requirements that are compulsory for all facilities. These requirements fully account for the climate and warming in the Arctic Zone. Cutting-edge facilities that are under construction in this area comply with strictest environmental requirements," said Alexander Novak, Minister of Energy of the Russian Federation.

tass.ru/ekonomika/8751253

11 June 2020, TASS

Petrochemicals spill at Norilsk heat power plant

Norilsk-Taimyr Energy Company (NTEC) shared that the diesel fuel storage tank was damaged because of support structures sinking. Those structures have been in operation for over 30 years.

Sergei Dyachenko, First Vice President and Operational Director of Norilsk Nickel suggested that support structures may have sunk due to the melting permafrost.

The Rosprirodnadzor (Federal Service for Supervision of Natural Resources) believes that the root cause of the spill may be the collapse of the concrete slab under the tank.

tass.ru/proisshestviya/8638891

5 June 2020, Gazeta.ru, Regnum, and others.

Chemicals spill in Yamal

An unauthorized leak of petrochemicals into soil took place in the town of Muravlenko, Yamal-Nenets Autonomous District. It was announced by the press service of the Yamal-Nenets Autonomous District Prosecutor's Office.

Authorities disclosed that the emergency happened on the site of Yamal Grid Distribution Company.

"The emergency transformer of the Muravlenko electrical substation leaked over 7 cubic metres of petrochemicals, which resulted in the contamination of 0.6 hectares of soil," says the announcement.

The Yamal-Nenets Autonomous District Prosecutor's Office noted that nobody got hurt as a result of the spill. The electricity supply for town of 30 thousand residents has not been interrupted.

gazeta.ru/social/news/2020/06/05/n_14513119.shtml

3 June 2020, TASS, RIA Novosti, RBC, and others.

Vladimir Putin approved the federal state of emergency in Norilsk

The Minister of Civil Defence, Emergencies and Disaster Relief Evgeny Zinichev called for a federal state of emergency during the meeting on damage control of the diesel fuel spill in Krasnoyarsk Territory. “I agree with your suggestion of a federal state of emergency,” responded Vladimir Putin.

tass.ru/proisshestviya/8638871

30 May 2020, TASS, RIA Novosti, Izvestiya, and others.

Prosecutor’s Office investigates a spill of roughly 20 thousand tonnes of petrochemicals at a Norilsk heat power plant

Krasnoyarsk Territory Prosecutor’s office is now investigating a petrochemicals spill at Norilsk’s Heat Power Plant 3 that caught fire on 29 May. According to preliminary information, around 20 thousand tonnes of petrochemicals were leaked.

“A petrochemicals spill in Norilsk is now investigated. On 29 May, investigative authorities were informed that on the site of Norilsk-Taimyr Energy Company’s (NTEC) Heat Power Plant 3 one of the storage tanks got decompressed due to an unknown reason as of today. It resulted in petrochemicals leaking onto the road and a passing vehicle catching fire. Presumably, about 20 thousand tonnes of petrochemicals were spilled onto the area of 350 square metres,” says the official statement of the press service of the Krasnoyarsk Territory Prosecutor’s Office.

tass.ru/proisshestviya/8605889

ARCTIC REGIONS OF RUSSIA

19 June 2020, The Arctic

Reconstruction of Norilsk airport to be completed by September 2020

Reconstruction of key gateway in Norilsk industrial area and Taimyr will be completed by September this year. The Alykel Airport will get a conformity certificate around the same time. After reconstruction, this airport will be among the most state-of-the-art in the Russian Arctic Zone. Reconstruction of Norilsk airport is an important step towards developing the Arctic Zone, as it is a facility of federal importance.

ru.arctic.ru/infrastructure/20200619/948180.html

15 June 2020, TASS

The Northern River Shipping Lines started summer navigation in the Arctic

The summer navigation started a week earlier for the Northern River Shipping Lines due to an unusually warm winter.

“Summer navigation 2020 started in the Ob and its tributaries – the main location of the Northern River Shipping Lines fleet. The navigation for the eastern group of the Northern River Shipping Lines started a week earlier due to an unusually warm winter,” says the press statement of the Arkhangelsk Region government.

According to weather forecast, ice drift in the areas of Salekhard and Labytnangi was over a week before it was expected.

tass.ru/ekonomika/8729129

ARCTIC COUNCIL

11 June 2020, The Arctic

The outcomes of the first year of Iceland’s chairmanship in the Arctic Council

Einar Gunnarsson, Chair of the Senior Arctic Officials [published](#) his report on the first year of Iceland's chairmanship in the Arctic Council.

"Sustainable development has been at the heart of the Arctic Council's mandate since the Ottawa Declaration was signed in 1996. We chose sustainable development as the Icelandic Chairmanship program. <...> Sustainable development is all-encompassing. During Iceland's Chairmanship the Arctic Council is focusing on four different priorities. They highlight some pressing issues in the circumpolar north: People and communities of the Arctic, the Arctic marine environment, climate and green energy solutions and a stronger Arctic Council," states the report.

ru.arctic.ru/international/20200611/947236.html

11 June 2020, The Arctic

Russia proposed 7 new projects to the Arctic Council

A videoconference meeting of the Arctic Council's Sustainable Development Working Group (SDWG) took place on 8–9 June 2020. The Russian delegation included representatives from the Russian Ministry for the Development of the Far East and Arctic.

The Russian delegation suggested seven new projects for joint implementation within the SDWG:

1. Arctic Demographic Index (AIM);
2. Digitalization of the linguistic and cultural heritage of the indigenous peoples;
3. The Arctic: Territory, Environment and Culture;
4. The use and demonstration of hydrogen energy in the Arctic (AHEAD);
5. Biosecurity in the Arctic;
6. Sustainable financing in the Arctic;
7. Gas hydrates and their role in the sustainable development and climatic transformation of the Arctic.

It is noted that the projects suggested by the Russian party were supported by most member states of the Arctic Council.

ru.arctic.ru/international/20200611/947263.html

9 June 2020, Rossiyskaya Gazeta

Ministry of Foreign Affairs: Russia supports the Arctic peaceful dialogue, but is ready to protect its interests

Russia perceives the Arctic as an area of cooperation, but is prepared to respond, should any of its partners doubt its ability to defend its interests in this region.

"The Arctic can still be perceived as an area of cooperation rather than rivalry. The Arctic Council provides all opportunities for that... At the same time, Russia will not fail to respond should somebody – I do not want to point finger at them – doubt our ability to defend our interests in this region, including security ones," said Deputy Minister of Foreign Affairs Sergey Ryabkov.

He also emphasized that the Arctic Council used to be the area for a professional dialogue among military representatives of the member countries. Russia intends to promote going back to this practice.

rg.ru/2020/06/09/mid-rf-za-mirnyj-dialog-po-arktike-no-gotova-zashchishchat-svoi-interesy.html

For reference

The Roscongress Foundation is a socially oriented non-financial development institution and a major organizer of international conventions and exhibitions, along with sporting, public and cultural events.

The Foundation was established in 2007 with the aim of facilitating the development of Russia's economic potential, promoting its national interests and strengthening the country's image. One of the roles of the Foundation is to comprehensively evaluate, analyse and cover issues on the Russian and global economic agendas. It also offers

administrative services, provides promotional support and attracts investment for business projects, and helps foster social entrepreneurship and charitable initiatives.

Each year, the Foundation's events attract participants from 208 countries and territories, with more than 15,000 media representatives working on-site at the various Roscongress venues. The Foundation benefits from analytical and professional expertise provided by 2,500 people working in Russia and abroad. In addition, it works in close cooperation with 122 economic partners, industrial and entrepreneurial unions, along with financial, trade and business associations from 69 countries worldwide.

WWW.ROSCONGRESS.ORG

ORGANIZER OF THE INTERNATIONAL ARCTIC FORUM:

FORUMARCTICA.RU

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