

**Mineral resource base of Russia is one of the world's largest and the most important element of our planet's resource potential. Not only it meets domestic needs for the majority of mineral resources, but also offers significant export opportunities. As commonly estimated, economy of Russia, as well as Kazakhstan, Kyrgyzstan, Armenia, Uzbekistan and Turkmenistan will still stay focused on resources in the first half of the 21st century.**

# Sites of mining without any bitcoins

Some statistics: CIS share in global oil reserves comes to 23-26%, gas – 36%, coal – 23%, iron – 36%, manganese – 36%, nickel – 23%, lead and zinc – 20% each. With its reserves of diamonds, platinoids, gold, silver, titanium, rare metals and some other fossils, Russia and CIS rank among the world's first.

Speaking of Russia, the most important mineral resource base is offered by Siberia, the Far East and the Arctic. It is here that big deposits of oil, gas, coal, gold, silver, rare earth elements, mica, graphite, quartz resources, etc. are concentrated. For instance, almost all reserves and forecast apatite raw materials are localized within Karelia and Murmansk Oblast, gold and silver reserves - in the Far East, the one of the world's largest coal field - in Kemerovo Oblast.

Visible positive trends are based on recently adopted laws granting never-before-seen benefits and privileges to the Far Eastern

Federal District and allowing to count on this upsurge in interest. In the first place, this is the law on creation of free ports and rapidly developing areas (Vladivostok, Nakhodka, Magadan, Petropavlovsk-Kamchatsky, Vanino, etc.), granting the right to make mining works part of their territory. Undoubtedly, these benefits will have a positive effect on the mineral resource sector of the Far Eastern and Siberian economy. Finally, the threshold of entering the ore mining business has been lowered for external and foreign investors, from access to geological data and on to project funding and investing.

Gold mining rate in Russia has been continuously increasing for the eighth year now which is explained by commissioning of new and upgrading of existing capacities. The trend will be maintained for the next few years. According to experts, Russia owns huge in-place reserves of gold, being the world's

number four together with Canada. Forecast resources of Russia exceed 25,000 tons of gold, i.e. they make it the world's second country next to the Republic of South Africa. In addition, main share of balance resources in the Russia (73.6%) is concentrated in East Siberia and Far Eastern regions. About 80% of overall metal reserves can be found in ore deposits calling for massive investments in development, mostly in infrastructure. It means that progressing increase of gold prices boosts inflow of investments in the East Siberian and Far Eastern regions.

The Russian gold-mining industry took full advantage of the rouble devaluation effect during 2015-2016. Regarding the Far East, processing of some deposits has been recently launched in the FED. A number of companies have introduced a safer field development system on Chukotka (Pevek, Bilibino), the others have proceeded to the heap leaching project in the deposit of Yakutia.

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Hardrock gold production ramp-up is expected this year. This will happen when one of the world's largest deposits in Magadan strikes full swing. Proved and probable gold reserves are estimated to reach several hundred tons per year.

Territory of advanced development Beringovsky starts to expedite development of the mineral resource base in terms of coal and gold on Chukotka. Yakutia, Khabarovsk Krai, Kamchatka, Amur Oblast and Zabaykalsk are keeping up, intending to increase the volumes of extracted resources. Pursuant to the regional development strategy related to mining and processing of mineral resources till 2025, it is planned to build and put into operation new mining and processing plants on Kamchatka.

In 2017, the Russian company (the one on the world major market leader in the Yakut diamonds mining market) reached the record-breaking level of diamond production. The volume this big was last recorded in 1990. These are the most expen-

sive diamonds ever mined throughout the whole Russian and Soviet times.

The World Gold Council (WGC) experts are positive about prospects for the gold market. As the WGC report reads, gold prices were firm in keeping positive trend in 2018 and 2019, the gold will retain the status of important strategic asset. The WGC specialists also note the emerging signs of progress in mitigating the obstacles for investments in gold, specifically in Russia.

**D**espite all existing issues, growing extraction of mineral resources and needs of advancing agriculture require ramp-up in import of machinery and equipment.

Here we should refer to the Russian export of coniferous sawn timber which has been demonstrating steady growth in the last few years. The volume of export rose by 37%, given the fact that Russia is the one of the world's largest manufacturer of coniferous sawn timber. Meanwhile, main export-oriented wood-

sawing capacities are located in Arkhangelsk and Irkutsk regions, Krasnoyarsk Krai, the Republics of Karelia and Komi.

Experts believe that by 2030 the Russian processed wood export will expand by more than threefold. Given the current conditions, one can expect further growth of specialized machinery import as wood harvesting in Russia is mainly handled by import equipment these days.

Persistently high crop yields in Russia and growing investment in agriculture gave a real boost to import of agricultural equipment which rose by 13% in 2017. Procurement of combine harvesters and other machines will only go up, taking into account the current market status. Just so, grain production in Russia reached 130 million tons in 2017, which is a record figure of all time. Forecasts for the next few years are very optimistic.

Import has been growing in other sectors as well. For example, the number of inbound construction and road equipment units rose by 50% within last year. The

same value had been registered in 2016.

**T**raditionally, oil plays a special role in the Russian economy. In order to maintain the oil production rates in Russia at half a billion tons per year, new deposits should yield about 160 million tons considering reduction of performance on old blocks. To achieve this goal, it will be required to build up the volumes of exploration wells drilling by 3 times, as well as increase the indicators of exploitation drilling with up-to-date technologies by 13% annually. For this purpose, about 1,000 obsolete drilling rigs will have to be replaced (including offshore facilities), and the same number of new complexes shall be added.

**C**oal export has been growing for more than one year now. According to the Ministry of Energy of Russia, external demand for Russian fossil coal will also be steady in the long run. Rise in export entails higher demand for quarry machinery

import. This being said, one of the market leaders intends to purchase 50 120-ton dump trucks for its coal works in 2018; as to 2019, it is planned to buy 220-ton trucks as well as a fleet of extraction and loading, dozer and drilling equipment. Arrangements are in place in the region for construction of the Kuzbass largest coal preparation plant with a capacity of more than 3 million tons.

And this is far-from-exhaustive list of current needs of Russia's coal industry.

**A**ll above mentioned figures are indicative of significant demand of the Russian industry for procurement of special machinery and process equipment.

Experience of the last 4 years demonstrated that such projects as Yamal LNG Plant construction, establishment of petrochemical cluster in Tyumen Oblast, development of oil and gas bearing, coal and gold bearing fields in the North, refurbishment of refineries have visibly increased the need for project freight deliveries to remote areas of Siberia and the Arctic. Meanwhile, second wave of industrialization of Siberia has only started to pick up steam. New plants are under construction, mining industry is developing and energy sector investments are growing.

As far as the East Asian region, «the Power of Siberia» gas pipeline project is under successful implementation between Russia and China. Also about projects of LNG plants and export terminals on Yamal, Sakhalin and in Primorsky Krai.

At the same time, Russian LNG produced by Yamal LNG Plant Phase 1 in Sabetta (already in operation) is supplied to India and South Korea. It is planned to arrange deliveries to PRC, Japan, Singapore,

the Philippines, Vietnam, and Pakistan in the middle and long term. As for scheduled expansion of Sakhalin liquefied gas complex (at least by 1.5 by 2025), this will make it possible to achieve a major increase in LNG export to the subject countries. In addition, there are plans to commission a liquefied gas plant and terminal in the vicinity of Vladivostok by this very time, which is much thought to reach 11-14% of the Russian LNG in the South- and East Asian market after 2025 against 6-7% in 2016-2017. Again, these projects are attributed to rapidly growing demand for gas in these regions.

**M**eanwhile, the International Energy Agency and UN Economic Committee for the Asia-Pacific region forecast almost doubled increase of gas demand in the region in the next 7-10 years.

Another crucial trend of the recent years refers to actively developing oil and gas production and refining market in the Central Asia countries. Uzbekistan looks especially promising with scheduled implementation of 38 oil and gas projects by 2020. All this provides a fine way forward for heavy-lift operators.

However, remoteness of these areas from European Russia and industrialized countries of Europe and Asia-Pacific region, harsh climate and inadequate level of transport infrastructure development make delivery of cargoes to Siberia, Far East and the Arctic rather challenging for any carrier. The above mentioned fully applies to logistics towards Central Asia countries.

In this rapidly growing market many overseas companies face the objective to find a reliable and competent partner in the Russia and CIS countries. Indeed, specific



**«Power of Siberia» gas pipeline route (red dotted line)**

character of state regulation and geographical constraints present significant risks for both logistics companies and manufacturers of machinery and equipment.

**DAS GLOBAL LOGISTIK - international transport and logistics company and registered customs representative - can become your partner in this. For many years, DAS GLOBAL LOGISTIK has been handling heavy lift and oversize transports. The company specializes in transportation of equipment and project freight for the mining industry. Delivery of cargoes to hard-to-reach regions of Russia (Amur Oblast, Yakutia, Khabarovsk Krai, Magadan, Vanino, Zabaykalsky Krai, Blagoveshchensk, Sakhalin Oblast, etc.), pre-survey of haulage terrain, use of inland water transport, helicopters, small aircraft and mobile bridges - all this makes DAS company a true leader in this type of shipments. As is well known, it's a rather labor intensive process calling for extreme care, vigilance and, surely, professionalism and experience. The company is scrupulous about addressing all these tasks and is ready to offer individual solutions to the business segment.**

**«Safety First» is our main criteria. Excellence and high level of professionalism of our employees in conjunction with up-to-date cargo insurance tools, the most advanced fleet of vehicles and lifting equipment, as well as fully developed pool of major global leaders of mining, oil and gas and construction industries ensure ultimate safety and reliability during the whole period of cargo delivery.**

**Our company works 24/7 which stands for full supervision and monitoring of projects execution at all times.**

**The company's specialists treat each and every project with a high level of responsibility and professional competence, proposing and working out optimal routes and options of cargo deliveries to remote regions of the Russian Federation, where roads are not shown on maps, and temperatures drop to -60 degrees at night. Multi-year experience of our team in project logistics allows to tackle tasks which would seem impossible to achieve and deliver your cargo to hard-to-reach corners of Russia safe and sound.**

**Let's have a rest, with your personal DAS manager.**