

BREPORT
Business hotspots

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02 THE REGION: Barents Sea*Things are hotting up in the High North*

“I only pray for global warming,” says ship captain Vladimir, looking over Murmansk’s Soviet-era port, the biggest in the Arctic. Vladimir’s prayers are being answered. The process is erratic but ice coverage in the Barents Sea – lying between the North Pole and the northern shores of Norway and European Russia – has lessened as the globe has warmed.

However, it is politics and economics as much as climate change that is taking the Barents from the deep freeze. In September 2010, Russian President Medvedev and Norwegian Prime Minister Jens Stoltenberg looked on as a treaty ending a 40-year dispute over who owns what in the Barents Sea was signed. In 2011, expect to read more about this.

For both countries, the agreement signals the beginning of a new era: the economic development of the Barents region as a major hydrocarbon zone, and a crucial link in shipping routes through the Arctic. For Norway, the Barents offers the best hope of replacing oil and gas production from the declining North and Norwegian seas. For Russia, the Arctic region will likely offer the fuel for the Medvedev-Putin regime at home, and for Russia’s geopolitical ambitions abroad. “There is no alternative,” shouts a prospectus for the Arctic Yamal gas field on Gazprom’s website.

Others are watching. In 2010 the first shipment of gas condensate went through the Russian Arctic from Murmansk to China, hungry for Russia’s vast reserves

of oil and gas. At recent conferences in Moscow and Murmansk it has become clear that Russia has far greater plans for shipping and oil and gas in 2011.

There will be opposition from environmentalists but a ban on production won’t wash. Russian Arctic oil is already shipped through the Barents. Norway’s Statoil has spent billions developing the Snow White gas field, delivering to America and Europe. In 2011 partners on the massive Shokman gas project (*see below*) will have to decide how to move ahead. Russian and Norwegian oil fields in the Barents are slated to begin production in the next few years. If China stalls, and the oil price dips some of those plans may be put on ice. But the Barents Sea is thawing fast. Watch this space. — CE

Barents Sea facts

- 01:** More people live in the Russian and Norwegian Barents region than in the Canadian and American Arctic combined.
- 02:** The population of Murmansk, well above the Arctic Circle, is around 330,000. The city’s population peaked at half a million in the 1980s.
- 03:** The Shokman natural gas field, 482km off the coast of Russia under the Barents Sea, is thought to contain more gas than total world demand for a year.
- 04:** Norway has sovereignty over the Svalbard archipelago, between Europe and the North Pole but a 90-year-old international treaty provides for equal access to mineral resources.
- 05:** During the Cold War the 120-mile border between Norway and Russia was the only point where Nato and Soviet territory met in the Arctic.

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- 01 Titanium Tower, Santiago, currently the tallest tower in Latin America
- 02 Torres del Paine in Patagonia
- 03 BHP Billiton’s Spence Copper mine in northern Chile



02

03 THE CITY: Haifa*Israel’s second city has a hi-tech plan*

Haifa, one of the British Empire’s most important strongholds in the Mediterranean until the Second World War, and now Israel’s third largest city, has been in steady decline for the past few decades. Despite its spectacular positioning between the lush Carmel mountains and the sea, a negative net migration was recorded in the past 15 years. Even its two reputable universities couldn’t offset the trend and the young fled to Tel Aviv.

But a massive head-to-toe regeneration effort is starting to have an impact – from scaffolding and cranes around town, to renovated façades and to new smart places to eat. The municipality has spent more than \$350m (£250m) on infrastructure and roads, and the number of building permits has risen 83 per cent in the last two years. According to the municipality, 2009 was the first to show positive net migration into the city.

A crucial ingredient in the re-making of the city is the Carmel Tunnel, a \$400m (£286m) project due to open at the end of 2010. The 6km tunnel connects the southwestern part of the city with its northeastern part, cutting



This spread

- 01 Solovki monastery in the White Sea
- 02 The southern hi-tech industry area
- 03 Haifa and its port
- 04 Ron Carmel, manager of a banquet hall
- 05 Café in Carmel academic centre
- 06 Haifa's mayor, Yona Yahav



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dramatically the amount of time needed to cross town.

In addition, a light train will start operating in Haifa in 2011, and a cable car connecting the bay area with the two universities atop the Carmel will be ready in 2013.

“The overall agenda of the city renewal plan is to reconnect the city with its biggest asset, the sea,” says Mayor Yona Yahav. And indeed, the port’s waterfront, which was used for warehouses and became a hotbed of crime, is now rebuilt for residential and commercial purposes.

Avi Bitan, an education entrepreneur, has opened The Center for Academic Studies 200m from the shore. A branch of Haifa University is also located in this new Port Campus, and the plan is to turn the 100,000 sq m plot into a main trade, leisure and tourism centre.

Opportunities here include the high-tech and bio-tech sectors, says Yahav, and companies can rely on a skilled workforce from Israel’s Institute of Technology located in Haifa. A few thousand engineers already work here for Google, Yahoo! and Intel, and these in turn have prompted the need for a sophisticated hospitality sector. A few boutique hotels have launched and Moran Peleg, manager for Villa Carmel, says that occupancy for his 16-room hotel is a steady 75 per cent. — AS



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Haifa facts

- 01:** Originally commissioned by Winston Churchill in the 1920s, Haifa’s seaport is the largest in Israel (2,847 cargo ships in 2007).
- 02:** Population: 264,900 (750,000 including metro area).
- 03:** Ten per cent are ultra-orthodox Jews and another 10 per cent are Arabs but still Haifa is the only city where buses operate on Saturdays. An annual Gay Parade takes place without disturbances.
- 04:** The spiritual and administrative heart of the Bahá’í faith is located in Haifa.
- 05:** A 60 sq m renovated apartment on the seafront costs \$220,000 (€157,000) – a quarter of the price in Tel Aviv.