

Business views on the Northern Sea Route

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What made the NSR topical?

- Changes in global trade patterns and world economy
- Congestion in Southern routes before their enlargement
- Climate change

“There has been a lot of excitement or perhaps hype ... about the NSR.”



Destinational shipping

- Increasing economic activity in the Russian Arctic
- Industrial and infrastructure projects
- Transportation volumes will continue to grow driven by natural resources exports from the Arctic areas & project based shipments.
- What will be the role of foreign operators/actors?



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“For destinational shipping, we think the business has already been established. [It] is dominated by Russian oil and gas development activities.”

Transit shipping

Main motives: savings in time and costs

Challenges:

- Market situation: low bunker costs, low freight rates and overcapacity
- Costs and availability of icebreaking and ice pilot services
- Insurance costs
- Uncertainty of passage time & length of operating window; seasonality
- Vessel and crew requirements
- Safety concerns
- Lack of infrastructure and logistics systems

“The NSR saves up to 20 days off in any given voyage, depending on where you start.”

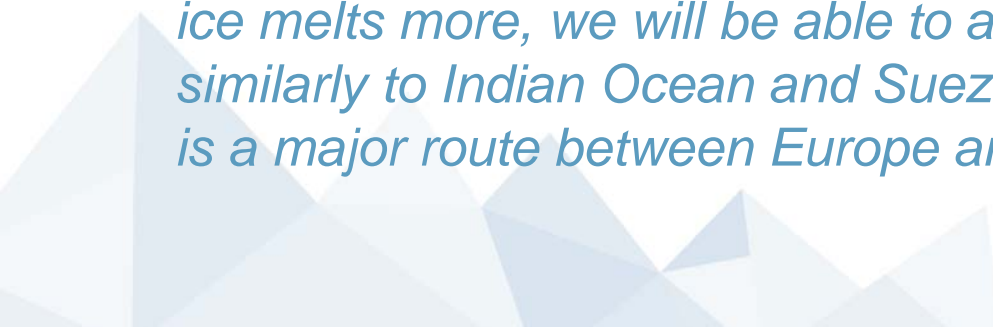
“We have tested the NSR because we wanted to have experience about the area and the process involved with the transit.”

Future of transit shipping

“It is an alternative route between Europe and Asia. In the future.”

“Export of the Asian countries is here the factor which creates potential. But the challenge for shipping companies is to have cargoes going in both directions. But if some of these big Asian ship owners make a strategic decision to use the NSR, the situation can change very quickly.”

“About 2040, we can use the NSR as a container trade route. After the sea ice melts more, we will be able to assign mega container ships to the NSR similarly to Indian Ocean and Suez Canal. Then we can think that the NSR is a major route between Europe and Asia.”



Conclusions

Transportation volumes will continue to grow driven by natural resources exports from the Arctic areas & project based shipments.

The role of the NSR as an international transit route depends on various factors:

- Climate change
- Market situation
- Pricing
- Infrastructure developments along the NSR and linked to it
- Politics; treatment of foreign vs Russian vessels



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We're happy to give more information:

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