

Increased shipping through the Northern Sea Route (NSR)

- What are the risks?
- What are the opportunities?

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A New Transportation System in the Arctic...

- › Two phenomenon have become pronounced in recent times:
 - Abatement of Sea Ice
 - “Globalization”
- › Result:
 - Perception of new economic opportunities in the Arctic
 - › Shipping
 - › Mineral Resource Development

-Trans-arctic Shipping

-Arctic Destinalional Shipping

- › Require the use of arctic shipping routes
- › Hazards:
 - Sea ice
 - Bathymetry not well defined
 - Remote
 - › Search & rescue [problematic]
 - › Salvage services [non-existent]

- › Only viable route (out to 2030 or so) is the NSR
- › NSR navigable season is uncertain
 - Cargo with flexible arrival times
 - Not attractive for container shipping
- › Insurance: expensive or unobtainable
- › Bottom Line
 - Don't expect much from trans-arctic shipping
 - ›other than the occasional cruise ship.....
 - Expect most new shipping activity to originate from Russia – mineral extraction



The Cold, Hard Realities of Arctic Shipping
 Stephen M. Carmel
 U.S. Naval Institute. July 2013 Vol. 139/7/1,325

U.S. Navy Arctic Roadmap: 2014-2030
 See page 11; "Arctic Sea route Navigability"

Gulf-times: "Icebergs, insurance hamper top of the world route"

Map by: Dr. Jean-Paul Rodrigue
 Dept. of Global Studies & Geography
 Hofstra University

World Trade Center Alaska

Arctic Ambition IV

Presented by Grigiry Zasyppkin
Deputy Head of Economic Office
Embassy of the Russian Federation

Northern Latitudinal
Route railway -
expanded access
for Russian regions
to the NSR

Схема перспективных направлений развития СЕВЕРНОГО ШИРОТНОГО ХОДА
«Обская – Салехард – Надым – Пангоды – Новый Уренгой – Коротчаево»

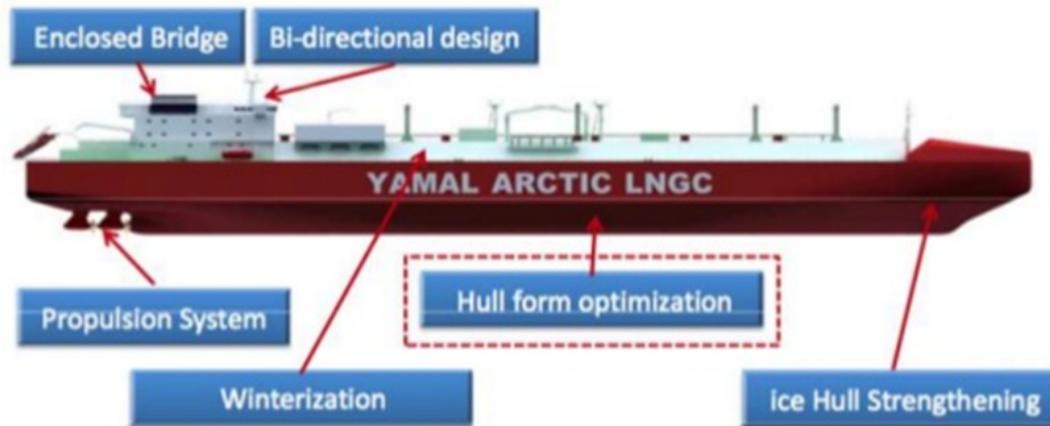


Beginnings of a Polar Class (PC) merchant fleet designed to service the NSR

Korean LNG Vessels

Yamal Peninsula Petroleum Development

Technical features of Arctic Vessel

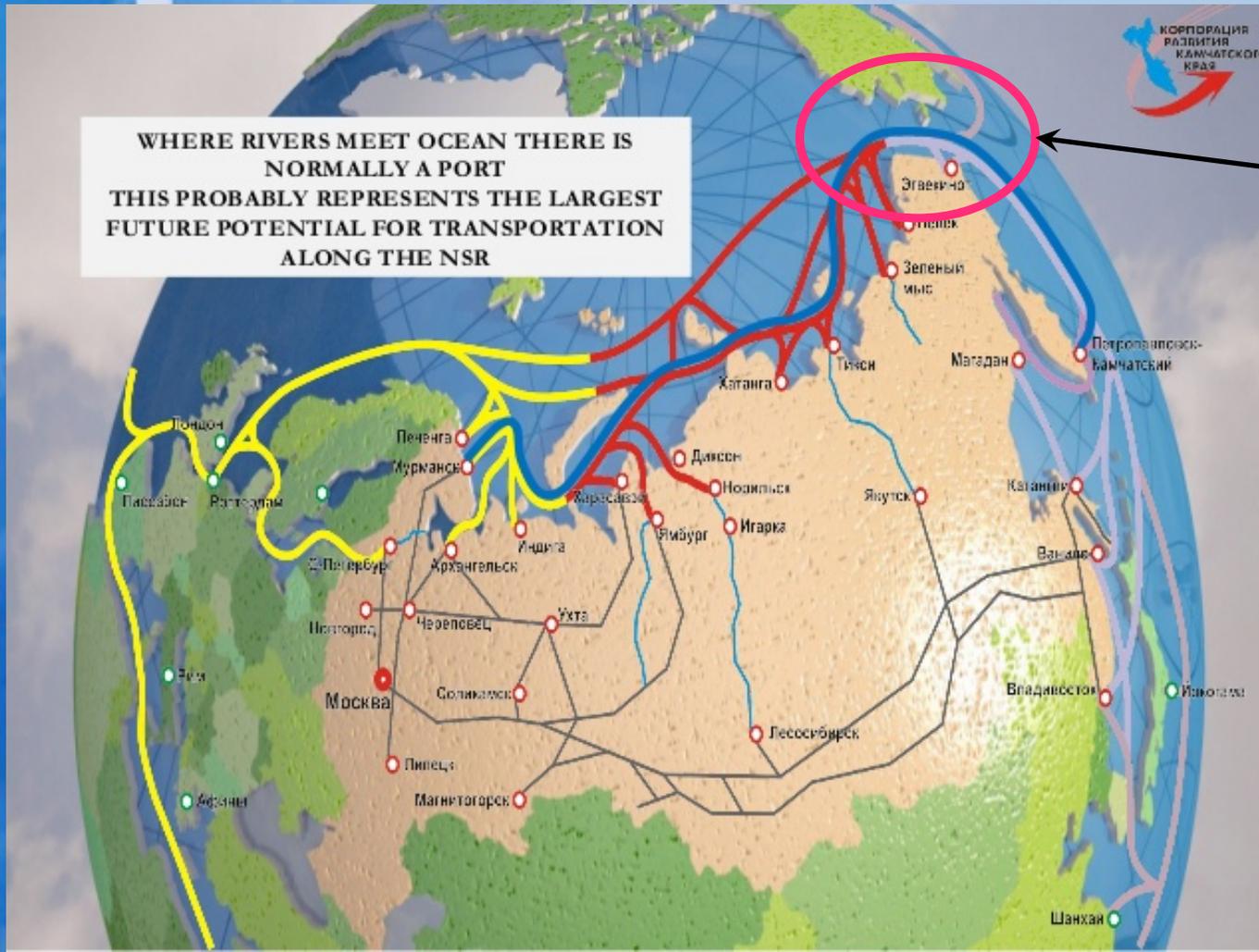


Source: Marine Exchange of Alaska presentation

Expect more ships over a longer shipping season made possible by ice strengthen hulls.

The Alaskan Arctic: A Summit on Shipping and Ports

Presented by Felix Tschudi
Tschudi Shipping Company
Center for High North logistics



- “An increase in vessel traffic through the Bering Strait will necessarily result in an increased risk to US waters off Alaska.....”
 - E.g., foundering vessel - spilled material
- “.....with no benefit to the US.....”

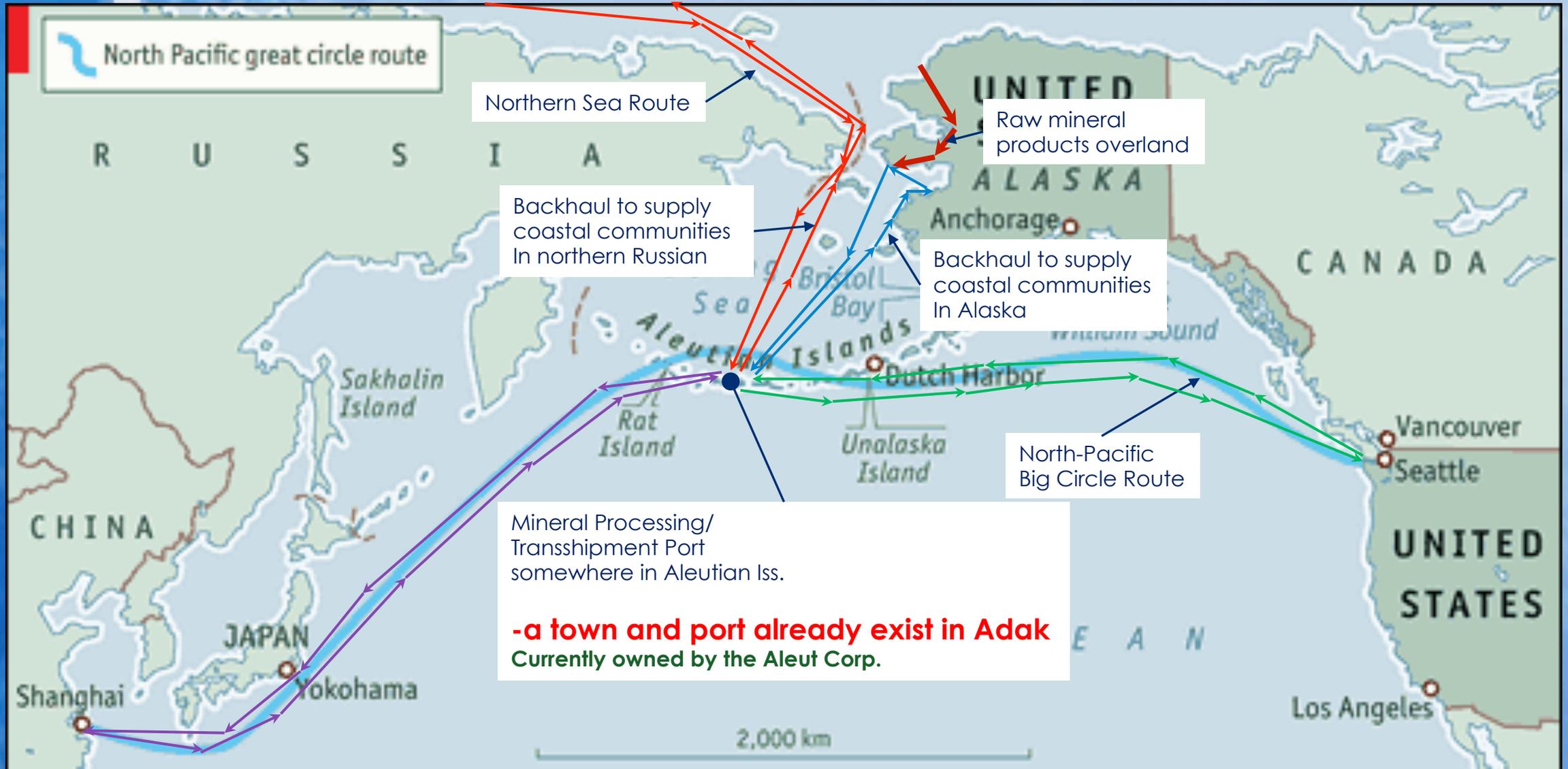
Could the United States benefit from this increase in shipping?

Credits: The Custom-House: The U.S. in the World Economy
http://benmuse.typepad.com/custom_house/2007/01/on-the-north-pa.html



The confluence of two shipping corridors What the future could hold...!

Credits: The Custom-House: The U.S. in the World Economy
http://benmuse.typepad.com/custom_house/2007/01/on-the-north-pa.html



Increased shipping in the NSR

› Two sides to the coin

– Watch and Worry

- › Watch the traffic increase through the Bering Strait
- › Perceived risk – no benefit to US
 - Degrade relations with users of the NSR

– Economic Participation

- › Alaska is in a position to provide services needed by the NSR
- › Economic partnering
 - Seat at the table
 - Influence how shipping activities are conducted and regulated
- › Realize some benefit for the increased risk



› Thank you for the opportunity!