

**Opening of the Arctic Sea Routes: economic/commercial possibilities and environmental challenges.**

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Mr. Chair!

Participants and guests of the VII Conference of Parliamentarians of the Arctic Region!

Since ancient times the humankind has been striving to reach high northern latitudes but harsh climate always remained a stumbling block. For many centuries only the indigenous peoples of the North could survive in conditions that seemed to southerners suitable for living by no stretch of imagination. Colossal riches of northern lands and their potential, however always drew a lot attention and claimed the lives of countless explorers from Norway, Denmark, Russia, the US, England, Italy and many other countries whose life mission was to open new, very often fabled, routes and lands. Huge is Russia's contribution to the development of the Northeast Passage (Northern Sea Route) which winds its way along Russia's frigid northern coastline and connects continents.

Well-known Mansy poet Ivan Shestalov defined the North as the Temple of the humankind. In one of his books he writes "Isn't it a coincidence that fearless individuals are desperate to reach the Northern Pole? To realize their goal they use their feet, dog sledges, ships, airplanes... Destined to drown, freeze to death, become mentally deranged they never abandoned hope. What for?" He answers the rhetorical question himself: "The energy hunger of the Earth will be solved by the oil and gas of the North, the ecology hunger – by the crystal clear air, water and ice. The philosophical hunger will be solved by disclosing the true meaning of the North. The heart of the northern seas rescued the purity of humankind, nature and universe. It helped retain the energy of spiritual Enlightenment". I totally agree with this statement.

The motivation to explore and to more actively employ the Northern Sea Route has a number of serious reasons. Huge oil and natural gas resource reserves are the reason for pressure to open the Northern Sea Route. Russian Arctic oil and gas amounts are estimated at 25 – 30 % of world reserves, significant amounts are located nearshore Norway and Alaska. Since the 90-s Russian oil transportation through Baltic countries and along the Norwegian coastline has increased dramatically.

Another important reason is that the mapping of the Northern Sea Route which has offered a short cut for shipping from Europe to Asia for hundred of years has always been considered a global priority. World economy integration and sea transportation safety are among other top issues.

Northern Sea Route geographically is the shortest way from Europe to Asia, from Europe to the west coast of the United States. Routes through the Arctic dramatically shorten transit distances between existing commercial regions and trade centers and will be primarily of interest for shipping from Europe to Asia.

Traditional Eurasian deep-sea shipping lanes will partially or fully give way to Northern Sea route plus Trans – Siberian Railway. Impediments though arise from legal, infrastructure, management and financial issues. We shouldn't also endanger ourselves. Even icebreakers can have a hard time of it in the Arctic not to mention container ships however safe and equipped they might be.

The Northern Sea Route can not yet be navigable year-round, as wintertime (November through May) conditions in the Eastern-Siberian and Chukotka Seas still overtake the capacity of the ice-breakers.

This doesn't influence the feasibility of the year-round navigation of the Northern Sea Route. The implementation of the task will require to further explore the nature and climate characteristics of the Arctic ice cover, to forecast the development of shipbuilding, to develop new shipping lanes with gradual extension of the navigation period. Arctic Climate Impact Assessment (ACIA) carried out in the framework of the Arctic Council report considerable reduction in ice thickness and coverage in the central part of the Arctic Ocean.

Scientists anticipate that the change in ice thickness will open Arctic sea lanes, provide easier access to Arctic reserves and could make the Arctic Ocean a major global trade route.

Along with that legislation regulating the Arctic routes leaves much to be desired. Combined efforts of legislative and executive bodies of the Arctic countries would be indispensable to the development of the explicit action plan of economically viable and secure shipping.

With energy carrier transportation increase for many experts the latter remains the main issue. The data of 2002 report 160 large capacity vessels entered the Norwegian waters, in 2003-250 vessels. Transportation capacity is going to escalate due to oil and gas export increase to the US and Europe.

Spills still present a major difficulty to resource exploitation in the Arctic. For various reasons, oil spills present a greater problem to the Arctic environment than to temperate areas. While several sources contribute to the Arctic load of hydrocarbon contamination (marine shipping, burning of fossil fuels, long-range transport, natural oil

seeps), oil and gas development is the major cause of contamination. We lack tools capable of averting the spills. Shipping safety in this light becomes somehow predestined.

The attempts have been made to assess the safety issues. But the all-embracing concept should be based on the following principles:

1. Shipments will continue to grow alongside the necessity to supply oil and gas; sea shipping lane is the most advantageous, more often the only transportation route.
2. A country is not capable of addressing the issue alone be it a supplier country or the country in the route.
3. To provide for security all the following components should be taken to consideration:
  - Design safety and equipment upgrade
  - Corresponding qualification and training of personnel
  - Development of unified security plan fulfilled by supplies and buyers, countries included in the route, coastal services and support fleet

The latter point presents the so-called “unified transport system”, it presupposes the establishment of a unified shipment coordination centre to which Russia, without doubt, can contribute a lot by providing knowledge, management and navigation expertise in the Northern Sea Route exploitation.

Rapid increase in shipping will necessitate the introduction of new vessels. Economic reasons and Suez Canal closing determined the appearance of supertankers. As far as the Northern Sea Route is concerned, larger tankers should be built case to increase cost-efficiency and security of supply. One mega tanker proves to be less expensive and more cost efficient than two or three regular size tankers.

Special attention should also be paid to personnel training, coastal services and support fleet.

Cooperation in marine shipping security today should not be underestimated. The programme on Protection of the Arctic Marine Environment (PAME) was established in 1993 as one of four programmes of the Arctic Environmental Protection Strategy (AEPS). These programmes, in addition to a new working group on sustainable development, now operate under the auspices of the Arctic Council. “The assessment of commercial shipment in the Arctic” project launched in 2005 will last till autumn 2008 when its implementation will be assessed at the 6<sup>th</sup> Ministerial meeting. Shipment development plans (2020, 2050) will be devised with its ecological, social and economic outcomes taken into consideration.

It should be admitted that an active dialogue between the parties of the shipment is encouraged by constant exchange of experience among sailors and shipbuilders, economists and scientists, ship owners and politicians from all over the world.

Thus, a Russian company “Sovkomflot” designs and builds dead weight capacity vessels. This largest and youngest Russia’s tanker fleet consists of solely two tanker hulls. Education and training programmes are set as top priorities. For instance, in cooperation with the Swedish company “Stena” a new personnel training project has been launched.

Experts around the world are unanimous in their judgment that ecological and environmental safety in the Arctic and coastal seas is in the hands of companies and largely depends upon those who steer fully loaded oil and gas tankers.

With such companies as “Sovkomflot”, Murmansk sea shipping company, other prominent companies from northern countries, the quality of sea shipping is guaranteed. Other factors, nonetheless, endanger the Arctic with its sensitive ecosystem, safety and responsibility being the major ones. We should all be concerned that the outcomes of the environmental and climate change may be disastrous for the indigenous peoples of the Arctic and their traditional lifestyle where culture, food, traditions, beliefs and nature are closely interwoven.

Serious measures have been taken by Russian authorities to improve the infrastructure and safety of the Northern Sea route. This entails navigation services such as satellite connection to determine the exact ship location, electronic navigation maps and others. Shipping amounted to 4 mln tons in 2005, is expected to have reached 12 mln by 2010.

The Northern Sea Route is and will be, first of all, Russia’s national transport route. This transport artery has vital importance for the present and future well-being of the population of the coastal territories. The Yamal-Nenets district will continue to play a pro-active role in facilitating the improvement of the infrastructure of the transport routes. Development of the coastal territories especially in the summer time largely depends on the Northern Sea route shipping. Thus, the effective implementation of state social and economic policy directed at the indigenous peoples of the Russian Arctic largely depends on the Northern Sea route issues. In the Yamal-Nenets autonomous district more than 40 bylaws regulate various aspects related to indigenous peoples including environment, transport infrastructure and water routes.

An active participation of the states interested in opening and development of the Northern Sea route is indispensable. That would include sea ports and navigation centers joint financing, international marine shipping security systems establishment.

State policy of the Russian Federation in the Arctic facilitates the development of the international marine shipping development. At the last St. Petersburg Economic Forum the minister of Foreign Affairs of the Russian Federation Sergey Lavrov stressed the importance of the Northern Sea route for the Euro-Asian transport corridor. The

President of Russia Vladimir Putin more than once emphasized the primary role of the Northern Sea route in international commercial shipping.

To facilitate cooperation in the Arctic marine shipping I propose to initiate the following:

1. To establish an expert group to analyze the existing recommendations to include the Northern Sea route as part of the Euro-Asian transport corridor and to single the factors interfering with this process. To submit the results of the research to the next Conference of Parliamentarians of the Arctic region. As a follow up to address the governments of the Arctic states to establish a working group on the Northern Sea route and international marine shipping development.
2. On behalf of the Conference to invite the governments of the Arctic council member and observer states to support the investment activities of the national campaigns in the Arctic directed at the integration of the Northern Sea route in the Euro-Asian transport corridor.
3. To organize an expert group to consider the legal and economic viability and possibility of establishing an international transport risks insurance company dealing with Euro-Asian transport corridor shipping.
4. To propose to the Arctic council to produce a document (charter, regulations, rules, etc.) defining principles and approaches to human activities in the Arctic, ways of minimizing the consequences of such activities for the vulnerable ecosystem in the Arctic and to further recommend the document to the interested states.

I would also like to express support of the proposals to the Conference statement made by Mr. Lars Anders on the Declaration of the Indigenous peoples' rights and other indigenous issues and by Mr. Nikolaev on the establishment of the Arctic Parliamentary Forum. My proposal would also be the establishment of the Arctic Parliament with permanent participation of the indigenous peoples.

Dear participants of the Conference!

My intention would be not to stress the completeness of my statement but to invite you to active debate, proposals and amendments.

Thank you for your attention.

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autonomous district

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