

NSR's Maritime Infrastructure & Future Needs

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Existence of NSR infrastructure has been planned and formed long time ago. It was created to serve specific needs of Soviet Government which were relevant at that time. It was good enough for it's initial purpose.

NSR was always considered as internal Russian transportation system. It has never been really integrated into the world's shipping market.

So it is not easy for the old infrastructure to meet new standards and to satisfy requirements of the modern shipping industry. **It needs to be improved according to the latest demand for the services. But only in case of a real demand.**

**Before we think about future NSR infrastructure needs
we have to find clear answers to following questions:**

1. Where is the real economic potential of the NSR that could be developed /converted into the sustainable and competitive business model for long-term period?

- Exploration of the Arctic energy resources?

Yes, and nowadays it is the key driving force of the ongoing infrastructure development. (port Sabetta, new icebreakers, new fleet, etc.)

- Transit route between Europe and Asia?

Possibly, but what exactly is needed to utilize this potential?

2. Who are future users of the NSR transit potential?

- cargo owners (dry bulk, liquid cargos or all non-containerized cargos)? We need to specify cargo type, seasonal/yearly quantity, loading & discharging ports, cargo parcels, delivery schedule & other details).

- we need detailed analysis of the trade between Europe and Asia, made for specific port pairs A & B which geographical locations are relevant for using the NSR.

There is a potential here, but most probably this will not lead to the rapid growth of the traffic and will not justify investments into the new NSR infrastructure.

2. Who are future users of the NSR transit potential?

- Container lines? Traffic potential in this case is high, but we can't be sure that this option is realistic.

Russian domestic container line between Murmansk and Petropavlovsk-Kamchatskiy is under discussion now.

What is needed to make the NSR attractive for international container lines? If it is possible at all...

3. If we consider creation of new NSR infrastructure for international transit shipping as a commercial project, we need to estimate following financial elements:

- overall costs involved into the realization of such project
- long-term financial mechanism on how expenditures will be reimbursed to investors?
- what is the maximum NSR transit market capacity? In other words how much traffic and revenue NSR may get out of traditional South routes?

What is exactly needed to make the NSR attractive for both international container lines and transportation of bulk cargos?

if it is possible at all...

This question should be addressed directly to the potential NSR users. They have to play the leading role here.

We will try to sum up basic expectations of the companies.

What are the expectations of potential NSR users before entering regular NSR trade?

Year round navigation

- **We will need super powerful icebreaker leader, capable to provide safe navigation and capable to keep commercial speed in heavy ice conditions, including navigation in the Eastern part of the NSR during winter-spring season.**
- **Technical characteristics of the icebreakers should be agreed with the future customers.**

What are the expectations of potential NSR users before entering regular NSR trade?

Predictability & Reliability

- **Organization of regular scheduled transit caravans with adequate icebreaking support.**
- **This task must be implemented regardless of navigational season and actual ice conditions. Obvious need for sufficient icebreaking capacity in the Western and Eastern sectors of the NSR.**

What are the expectations of potential NSR users before entering regular NSR trade?

Competitive tariff system

- **Tariff system should reflect actual market conditions and be competitive.**
- **Existing tariff system is complicated and does not provide ship-owner with the clear fix tariff. It should be improved.**

What are the expectations of potential NSR users
before entering regular NSR trade?

**Full integration into the
world's transport system**



Thank you