The Conference "The Northern Sea Route - the path of business development and international cooperation"

THE SPEECH

“DEVELOPMENT OF TRANSPORT INFRASTRUCTURE OF THE REPUBLIC OF SAKHA (YAKUTIA) WITHIN THE FRAMEWORK OF DEVELOPMENT OF THE NORTHERN SEA ROUTE FOR DELIVERING GOODS TO THE FAR NORTH REGIONS”

**Dear colleagues, ladies and gentlemen!**

Let me express my gratitude to the organizers of the conference for the opportunity to speak and exchange views on the development of the world Arctic and the Arctic zone of Russia in particular.

Interest in the Arctic is constantly growing, it has already become center of geopolitical attraction and is acquiring new forms and new dynamics in modern global politics. Its development is a strategic priority in ensuring the sustainable development of the region and the country as a whole. The rich reserves of minerals - oil and gas, coal, diamonds, gold, tin - determine the Arctic and Northern zone as the driver of economic development of the Russian Federation on a global scale.

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Let’s begin with some history.

In 1929, the government of YaSSR (Yakut Autonomous Soviet Socialist Republic) appealed to the union government with a proposal to expand the scope of activity of the joint-stock company “Komseverput” and entrust it with development of the Northern Sea Route off the coast of Yakutia. The proposal of the Yakut authorities at that time turned out to be in tune with the policy of the country's leadership, which carried out a comprehensive development of the Arctic. In 1933, the task was set as to build the Northern Sea Route from the White Sea to the Bering Strait completely. The “first Lena expedition” left Arkhangelsk, which delivered 4400 tons of cargo to Yakutia. The tugboat “Pervaya Pyatiletka” arrived in its composition, and with a caravan of 15 vessels reached to Yakutsk. The ships were led by the best captains Afanasy Danilovich Bogatyryov and Alexander Ignatievich Markov.

The Northern Sea Route revolutionized the economic development of the YaSSR. Large-scale development of the Far North since the beginning of the 1930s allowed the Soviet Union to quickly create a powerful economic base, build large cities and settlements designed for permanent residence. Within a half century, a unique system of northern civilization, the “northern way of life” was created.

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Today, the Sakha Republic (Yakutia) in the Arctic is more than 3 million square kilometers, of which 40 percent is located beyond the Arctic Circle. The waters of the Laptev and East Siberian seas adjacent to the republic make up 30 percent of all Arctic seas.

Leading domestic and foreign scientists consider the ecosystem of our republic to be a unique heritage of mankind, reserve of the planet’s biosphere. Natural course of environmental processes is not violated here: almost nine tenths of the area of ​​Yakutia is not affected by economic and industrial development.

The Northern Sea Route is continuation of the inland waterways of the Lena basin, through which the necessary goods are delivered for the needs of the Arctic regions to the rivers Yana, Indigirka, Kolyma, Anabar and Olenek.

The development of the transport infrastructure of the republic as part of the development of the Northern Sea Route is aimed at solving the following problems:

1. Delivery of goods for life support of the population of the Arctic regions;

2. Implementation of investment projects, primarily for development of deposits, including on the continental shelf zone of the Russian Federation;

3. Ensuring the safety of navigation and defense by creation of a base infrastructure management point in the eastern part of the Northern Sea Route in Tiksi, improvement of navigation, hydrographic and emergency rescue support of navigation on the NSR routes.

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The annual need for transportation of life supportе cargo in the republic is about 1.4-1.8 million tons of various cargoes, including about 400 thousand tons of cargo during the period of Arctic navigation. Of these, about 100 thousand tons of cargo is imported through the Northern Sea Route. In the process of delivery of goods more than 800 units of ships are involved, including more than 70 units of class "river-sea" and 10 units of sea ​​vessels.

Due to climatic features, navigation in the Lena basin is seasonal and limited in duration: 150 days in river basins and 75-80 days in offshore areas.

All **13** Arctic regions depend on the Northern Sea Route, which includes not only sea areas, but also points in the lower reaches of the northern rivers where ships are unloaded and loaded.

In 2019, **113** thousand tons were delivered via the Northern Sea Route, including 36 thousand tons of coal. Taking into account the yearly shallow water in the upper and middle parts of the Lena River, it is planned to increase the volume of delivery by sea through the NSR until 2050 to 387 thousand tons.

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The main problem of water transport is the high depreciation of the fleet (more than 75%). In total, 1768 vessels of various types are registered in the Lena basin of inland waterways. The average age of fleet is more than 38.7 years with a standard of 24 years.

The main objective of the Strategy for the Development of Inland Water Transport of the Russian Federation for the period until 2030 is the **renewal of the fleet of ship-owners engaged in the northern delivery of goods to the Far North and equivalent areas, including to ensure socially significant freight traffic.**

In this regard, with the support of the Government of the Russian Federation represented by the Ministry of Industry and Trade and the Ministry for the Development of the Russian Far East and Arctic of the Russian Federation, a project program of the republic “Development of the Inland Water Transport of the Lena Basin” is being implemented, according to which **39** units of the fleet are planned for modernization and renovation in accordance with the requirements of the Technical Regulations regarding the arrangement of double sides and bottom and construction of **57** units of new ships.

The main event is the implementation of a comprehensive project for **construction of a high-tech Zhatay shipyard** under the State program "Socio-economic development of the Arctic zone of the Russian Federation" for a total amount of **5,750.7 million rubles**, including:

- republican budget - 750 million rubles;

- the federal budget - 4 106.2 million rubles;

Almost all production will be located under one roof in the building of the block production unit, which is very important in our natural and climatic conditions. We plan to complete the construction in 2021 and lay the lead ship in the same year. Taking into account the production capacity of the enterprise, it is necessary to attract 664 people to work at the shipyard.

According to the results of the construction of the Zhatay shipyard, the following will be possible:

- construction of up to 10 river-class vessels per year of various types and purposes with the implementation of a customer-oriented approach in cooperation with machine-construction and ship-construction enterprises of Russia.

- Utilization of at least 2 decommissioned vessels per year.

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Due to the aging of the fleet, the need for ship-owners of the Lena basin in new vessels is 283 vessels until 2035. For reference: *including: 44 units of dry cargo vessels, 101 units of bulk cargo vessels, 40 units of tugboats, 98 units of other types*.

Taking into account shipbuilding capacities, the production plan of the Zhatay shipyard provides for the construction of 130 units of river vessels until 2036. The main projects of the vessels are identified as oil and dry cargo vessels, shallow-draught tugboats.

As can be seen from the above mentioned figures, the capacity of the new shipyard covers only part of the needs of ship-owners.

Given the short periods of the navigation period, climatic and hydrological features of the republic, ship-owners in the inter-navigation period experience a shortage of working capital and a cash gap that does not allow them to cover the cost of building ships even taking into account existing government support measures.

***It is necessary to carry out work to include in the State program "Development of shipbuilding and technology for the development of offshore deposits" measures to expand the state program for the development of leasing for construction of river vessels to update the fleet of ship-owners engaged in transportation of life-support goods in the Far North and equivalent areas on terms of leasing time up to 15 years at a rate of 2.5%,***

***Also it is necessary to consider the possibility of increasing the size of the subsidy from 10% to 15% for reimbursement of part of the costs of building new cargo ships in exchange for ships handed over for recycling***.

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For guaranteed delivery of goods to the republic, including along the Northern Sea Route, it is necessary to carry out full range of works on maintaining waterways in the Lena basin and offshore sections of Arctic rivers, for building dredging equipment.

In order to carry out the full range of route works, **Rosmorrechflot** built and carried out a new dredger “Vladimir Panchenko” on the Yana River in 2018 with a capacity of 1000 m3/hour.

At the same time, the average age of dredgers of the working core is more than 38 years with a standard of 24 years. The total need for a new dredging fleet until 2024 is 8 dredgers with 56 units of auxiliary vessels.

***It is necessary to consider the inclusion in the state program of the Russian Federation “Development of the transport system” financing activities for construction of new dredgers with a capacity of 1000 to 4000 m3/h for works in the Lena basin***

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Given the prospects for the development of the Northern Sea Route, the need to create a unified system of control and safety of navigation, traffic management in areas of heavy traffic, **Tiksi should be considered as one of the basic points for managing the infrastructure of the Eastern sector of the NSR**.

In recent years, the “Tiksi” seaport annually processes about 20 thousand tons of *cargo*. In 1987, the handled amount was 880 thousand tons of cargo.

Production capacities are used at less than 3-5%. Equipment wear is more than 90%. Since the 1990s, dredging has not been carried out, the depth in the port has decreased from 10 to 5.4 meters.

The Ministry of Defense of Russia provides for the implementation of measures to create conditions for functioning of units of the Armed Forces of the Russian Federation in the Arctic zone.

In order to implement these measures, the Government of the Republic has signed an agreement with the leadership of the Northern Navy, in the future, it will be necessary to continue work on the reconstruction of the infrastructure of the “Tiksi” Seaport, including for base of the forces and vessels of the Navy.

The aforementioned works on reconstruction of the Tiksi seaport will ensure safe entry of sea vessels into the port with a draft of up to 10 meters, will allow to increase the cargo handling volume to 300 thousand tons per year, and, accordingly, the volumes of cargo handling by the Tiksi seaport, which is considered as the main base port of the Eastern section of the NSR.

Reconstruction of the Zelenomyssk port, which currently has the status of the sea terminal of the Tiksi port, which is located in the area where active development of precious metals deposits is ongoing, is also necessary.

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**In the field of ensuring the safety of shipping on the offshore section, it is necessary to continue the work on the creation of the Yakut Arctic Integrated Rescue Center of the Ministry of Emergencies of Russia and the Federal Budgetary Institution “Marine Rescue Service of Rosmorrechflot” with deployment in Tiksi settlement of the Bulunsky District** with the appropriate equipment and ships of the sea class to solve urgent issues on the offshore section and ensuring the safety of navigation in the Arctic zone of the Russian Federation. In addition, in the promising period, **it is necessary to solve the issue of creating a separate aviation link of the Ministry of Emergency of Russia in Tiksi**, to respond quickly to various urgent tasks.

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In the future, the role of the Northern Sea Route as a key transport support for the Sakha Republic (Yakutia) will increase significantly. New opportunities for development of transportation along this route are opened in connection with the development of hydrocarbon deposits in the coastal regions and on the Arctic shelf. The unique Tomtor niobium-rare-earth deposit, large deposits of alluvial jewelry diamonds from Ebelakh and Kuonamka river basins and the unique hardness diamonds of the Popigai diamondiferous region, promising oil and gas bearing areas of the northern slope of the Anabar massif, explored coal deposits can ensure the creation of a highly efficient mining industry based cluster on the Northern Sea Route.

An analysis of the development and use of the transport system of the Arctic zone of Russia shows that sea transport in the northern latitudes of the Arctic and Subarctic zones is currently practically uncontested and most effective way of importing machinery, equipment, energy, industrial goods, food, necessary for the functioning of territorial production complexes located in the coastal zone of the Arctic seas and life-support of people living in the zone.

Our task is not only to develop natural resources on the territory of the republic, but also to ensure that the entire infrastructure is developed. We raise these issues before the Government of the Russian Federation.

It can be safely stated that the development of the Arctic zone of the Sakha Republic (Yakutia) has a promising future. With tangible state support, investor interest and active participation of the population in resolving problematic issues, the Arctic can undoubtedly become a region of dynamic and sustainable development.

The Yakut party expects that further work within the framework of the Association of Partners for Coordination of the Use of the Northern Sea Route will facilitate the exchange of accumulated experience and practices, and the jointly developed ideas and proposals will contribute to the further development of the Northern Sea Route.

**Thank you for your attention!**