Arctic Ports and Infrastructure

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Yamal

- **Project Cost**: $27 bn
- **Main export market**: China
- **Project Ownership**:
  - Novatek (Russia): 50.1%
  - Total S.A. (France): 20%
  - CNPC (China): 20%
  - Silk Road Fund (China): 9.9%
- **Fleet of 15 LNG icebreaker/tanker vessels flagged in Cyprus**

The Yamal Megaproject is more than just a couple ice hardened tankers – it’s a Deepwater port facility, LNG storage and feeder lines, permafrost resilient support buildings, and rail lines.

Wells are on and off shore. LNG planned in Gulf of Ob. Owned by:
- Gazprom (Pipeline, supply deal with CNPC)
- Bashneft
- Rosneft
- Lukoil (Sinopec)

The Northern Sea Route

- China is investing in infrastructure along the Northern Sea Route, as part of it’s “Polar Silk Road” Initiative.
- In June, China and Russia agreed to a $9.5 billion dollar credit agreement, which will fund select projects along the NSR
- Component of China’s new Arctic Strategy, which includes “development of Arctic shipping routes, infrastructure and Construction, and marine research…”
- NWP – preliminary talks between China and Canada
China’s Arctic Strategy – NSR, Yamal, Etc.

- China White Paper
- Strategic Intent – “Near Arctic State” “common heritage of mankind”
- Demand Signals for LNG and Oil and Rare Earth.
- China Interested in Controlling conduits of infrastructure
  - Data Silk Road
  - NW Passage?
  - Equity Position in the NSR?
  - Past Overtures to make large Real Estate Purchases in Greenland including Thule
  - China uses its heavy research presence as a beachhead to mask larger presence
- Challenge for the US:
  - Ensure that NSR and NW Passage remain international sea routes. US should actively work with Russia (as recommended in Hoover study) to declare a routeing measure and work with Canada.
What Does this Mean for the U.S.?

- US can decide whether it wants to play in the development of its resources BUT it cannot avoid:
  - Increased risk of an industrial accident;
  - Increased risk(s) associated with more vessels transiting through the Bering Strait;
  - Inadequate capacity to respond to any large scale incident; and most importantly
  - A legal environment in which other states are free to develop resources as they wish with few if any legal consequences.
- The USG needs to start making tangible investments in Arctic infrastructure and developing reciprocal Arctic development laws/policies which put the US on a level playing field.
  - The US cannot afford to economically retreat from the Arctic economic game and Alaska in particular
  - Public/Private Partnership funding should be fast tracked to enable Alaskan entrepreneurs to source their funding from US sources vs. from abroad.