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**МЕЖДУНАРОДНЫЙ  
ФИНАНСОВЫЙ**  
ФАКУЛЬТЕТ ФИНАНСОВОГО УНИВЕРСИТЕТА

# The Ice Silk Road and Arctic Strategy of China

Prof. Alexander Ilyinsky

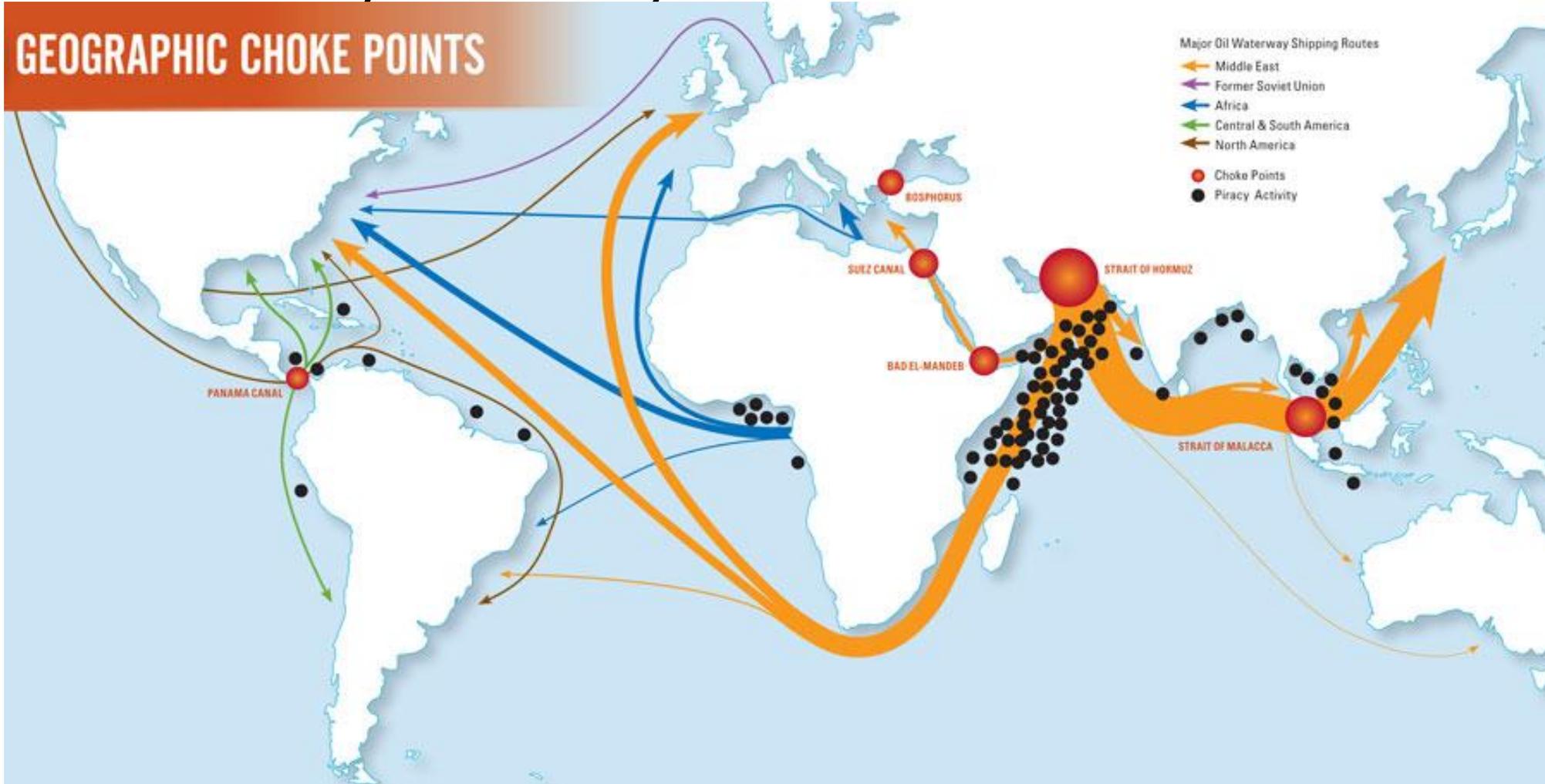
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17 December 2018



# The Major Oil Maritime Routes: Choke Points and Piracy Activity

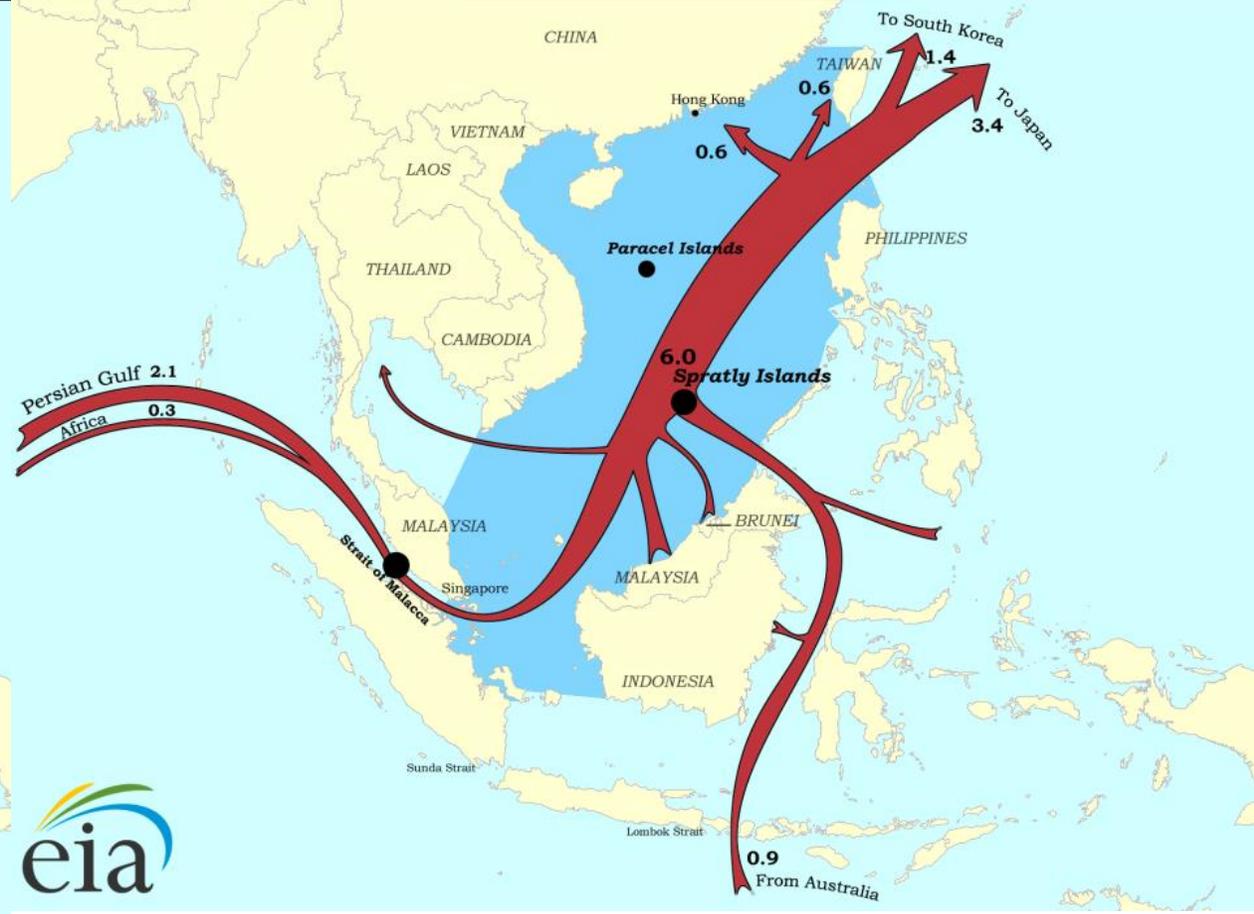


# Major crude oil and LNG trade flow in the South China Sea (2011)

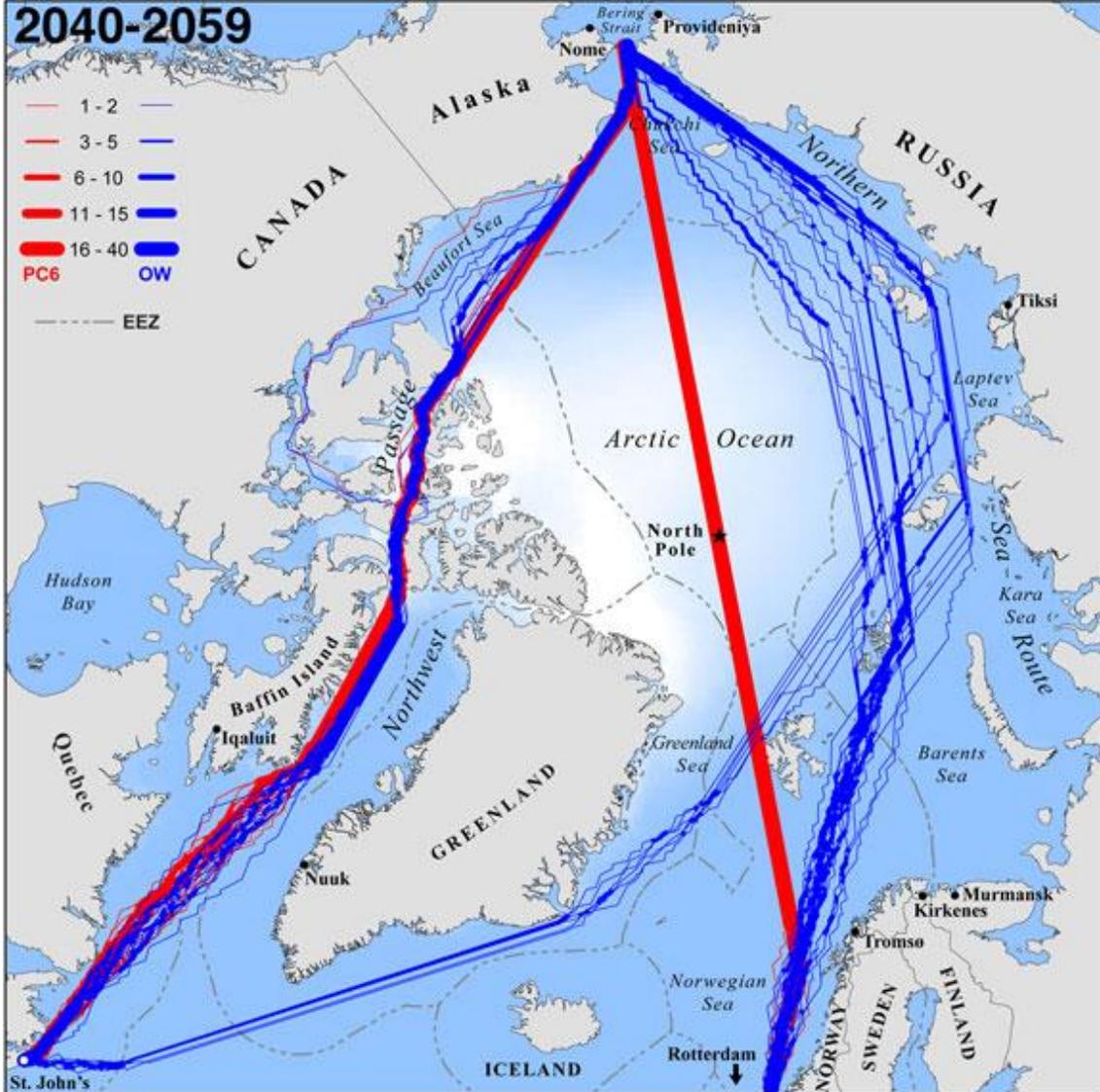
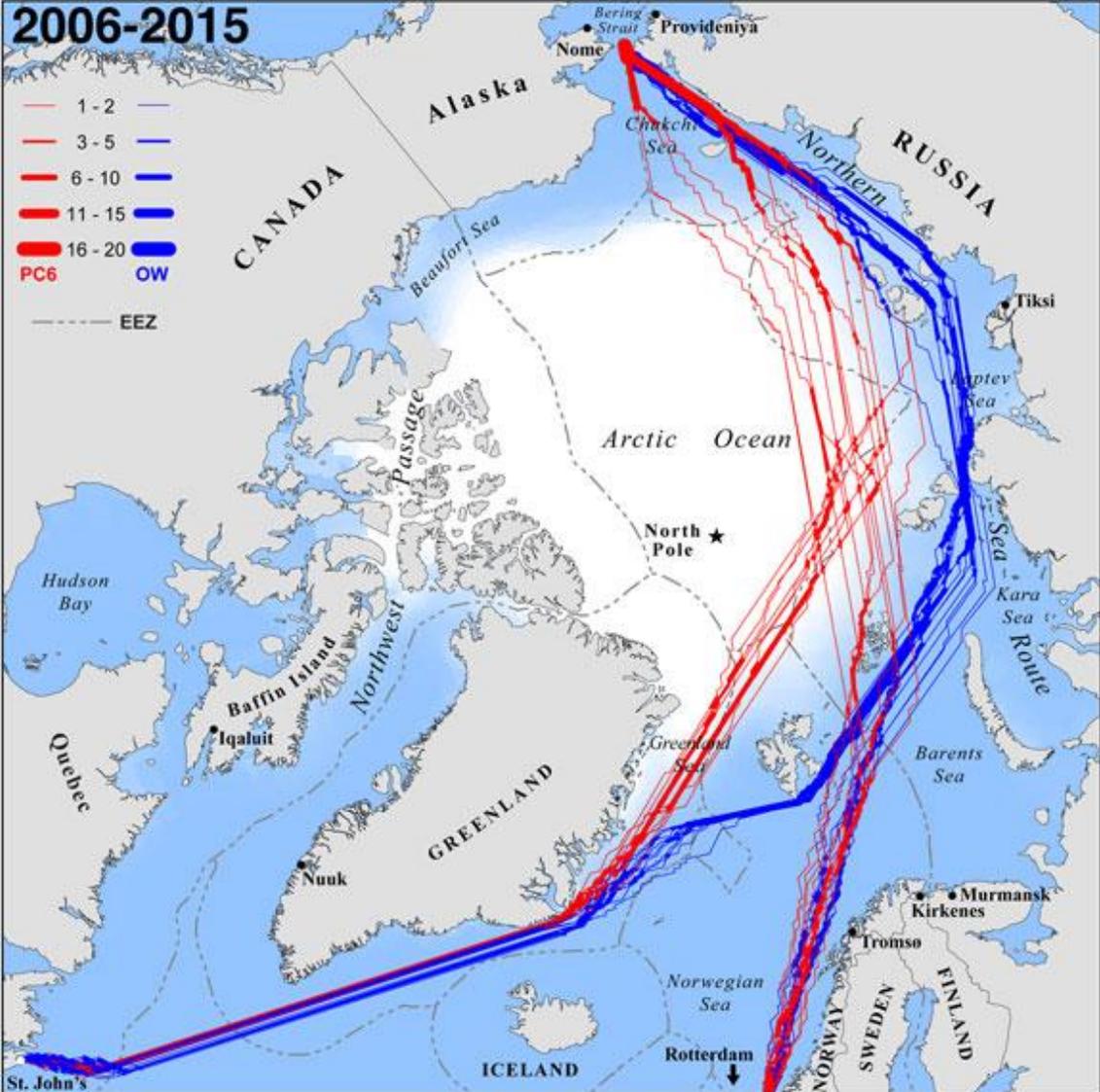
Major crude oil trade flows in the South China Sea (2011)  
million barrels per day



Major LNG trade flows in the South China Sea (2011)  
trillion cubic feet



# Map of Future Arctic Shipping Routes



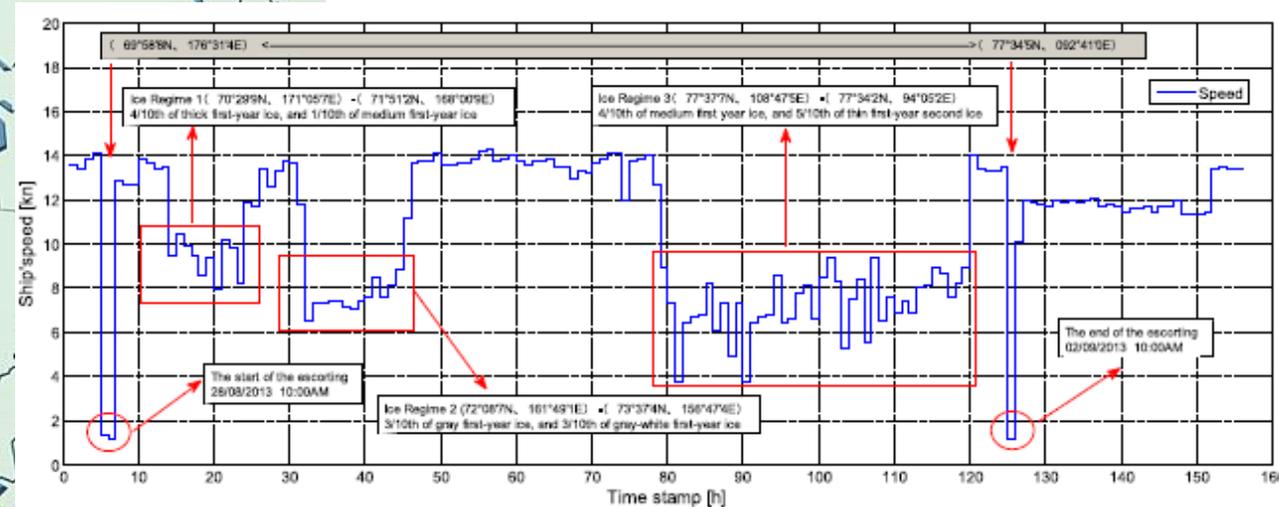
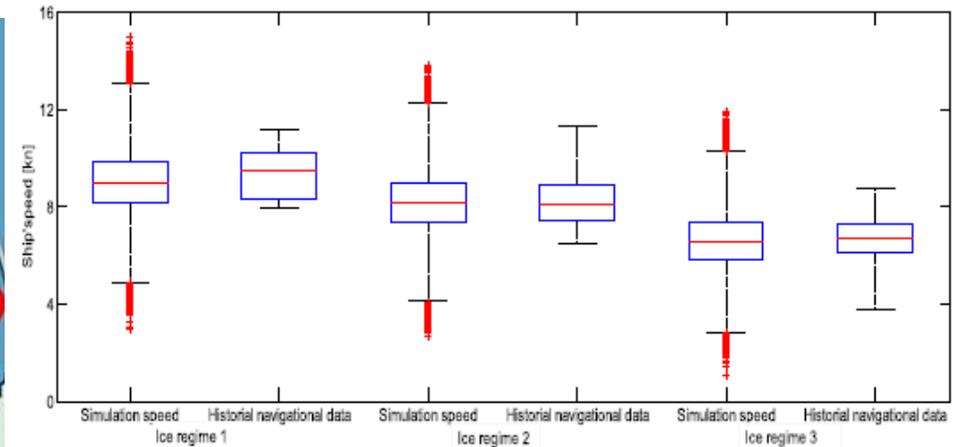
# Navigation corridors on the NSR and ice clusters in Arctics during summer



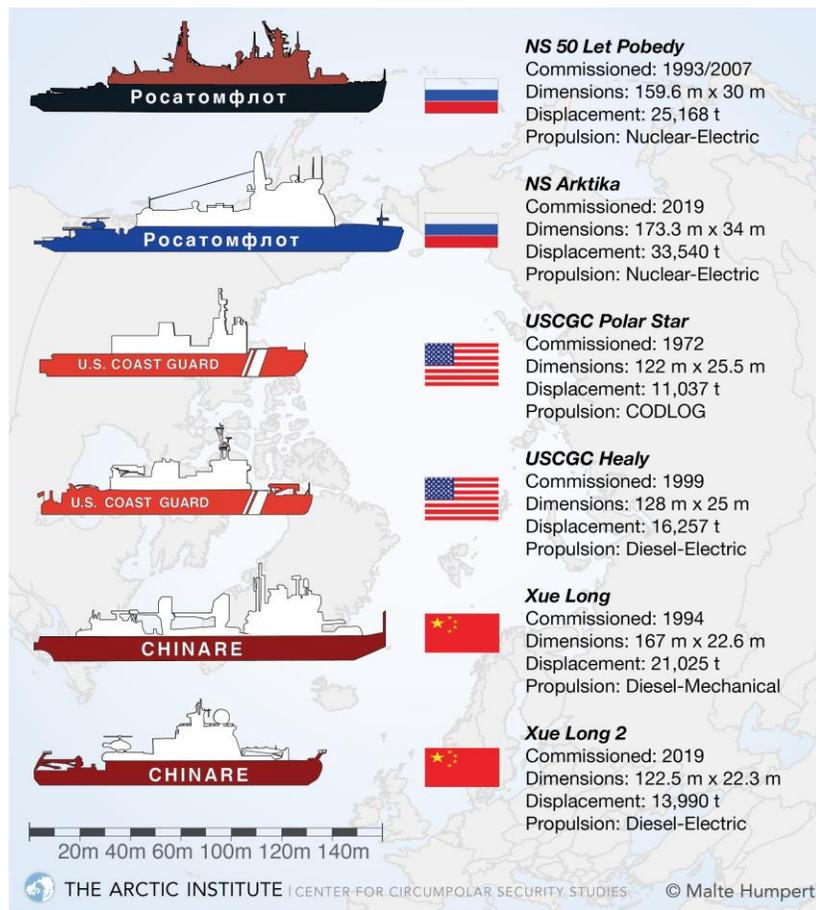
# Transits of COSCO vessels via the Northern Sea Route (2013-2017)

Vessel Name	Departure	Destination	Cargo transported
<b>2013 – China’s first commercial transit via the Northern Sea Route</b>			
Yong Sheng	China	Netherland	Rolled Steel
<b>2015 – China’s first round transit via the Northern Sea Route</b>			
Yong Sheng	China	Sweden	Rolled Steel
Yong Sheng	Belgium, Germany	China	Ores
<b>2016 – Launch of “Yong Sheng Plus” Program</b>			
Yong Sheng	China	U.K.	Wind power equipment
Yong Sheng	U.K.	China	General bulk
Xia Zhi Yuan 6	China	Russia(Sabetta)	LNG processing modules
Tian Xi	Finland	China	Paper pulp
Xiang He Kou	Russia(Sabetta)	China	(unloaded)
Xiang Yun Kou	China	Russia(Sabetta)	LNG processing modules

# Chinese ship makes round trip through Arctic in 55 days



# China launches its first domestically built icebreaker

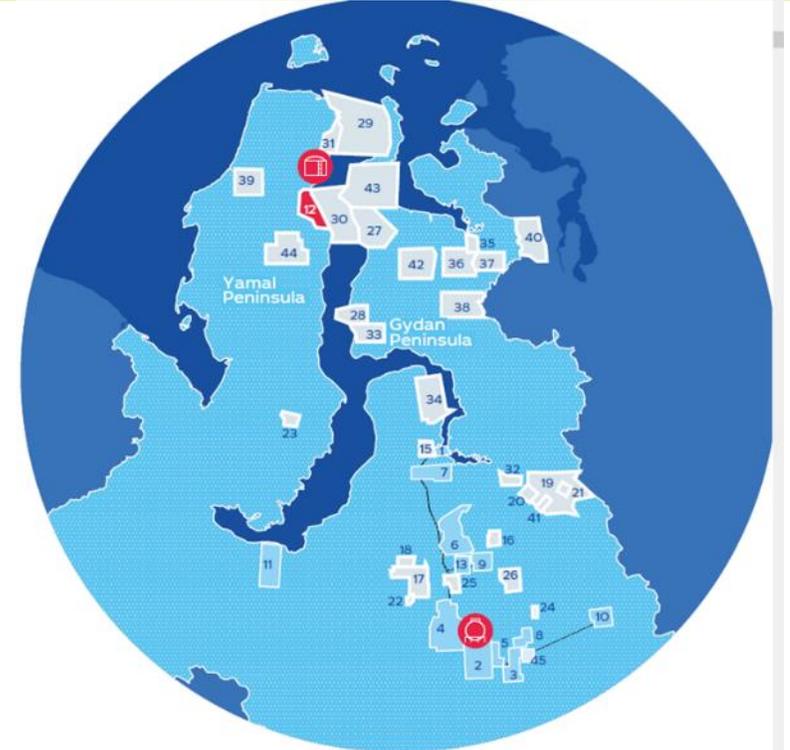


# The "Nanhai VIII" in Murmansk on the way to the Kara Sea in June 2017

«Nanhai VIII» drilled at the nearby Leningradskoye field and discovered resources equal to 1,9 trillion cubic meters of natural gas.



# \$27bn Arctic Yamal LNG project and port Sabetta



# The Yamal LNG and the US sanctions

- Yamal LNG, owned by Novatek (50.1 %), Total (20 %), China's CNPC (20 %) and the Silk Road Fund (9.9 %)
- Novatek has been under US sectoral sanctions since 2014.
- In April 2016, Yamal LNG signed contracts with the China Exim Bank and the China Development Bank for two 15-year credit lines worth €9.3 billion and €9.8 billion respectively.
- Start with a production capacity of 5.5 million tonnes per year and increase this to 16.5 million tonnes in 2019
- Yamal LNG ships first million tons of LNG on 5 march 2018
- The planned trans-shipment terminals in Kamchatka and Murmansk help Yamal LNG save on transportation costs in the Asian direction and optimise shipments to Europe,"

Sinochem Qingdao and CNOOC Ships Last Modules for Yamal LNG RMB 10 billion.

China Construction of the SINOMACH completed the construction



# China Builds at the Guangzhou Shipyard International World's 1st Arctic LNG Tanker Able to Operate in Winter



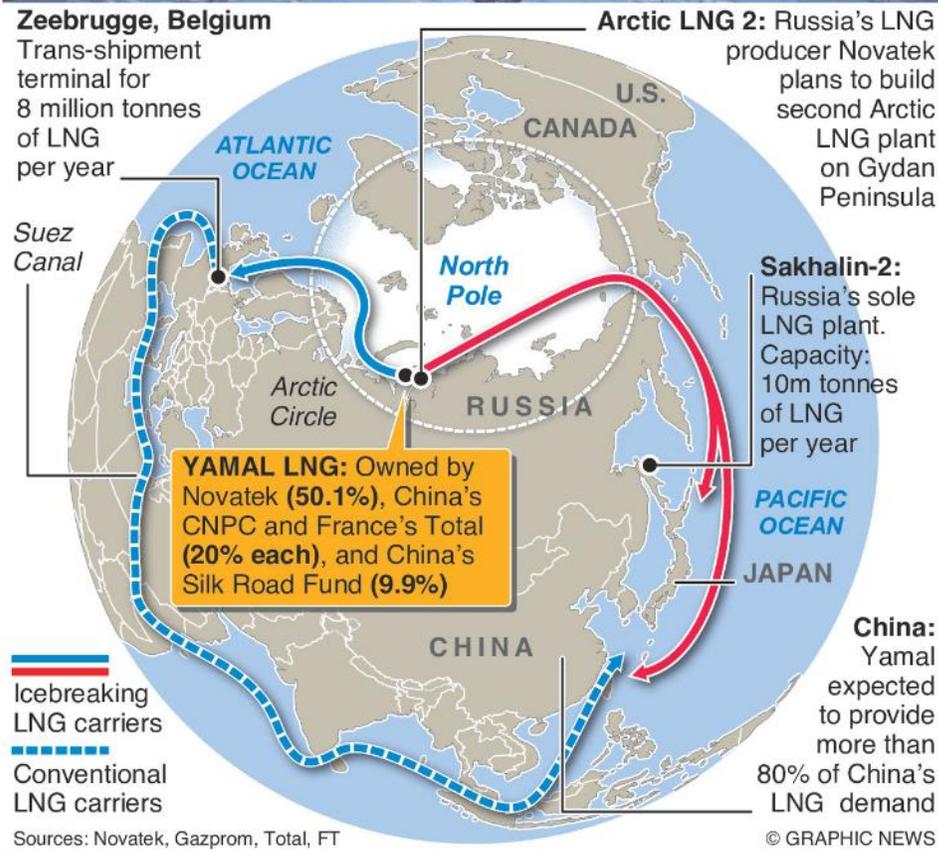
When operating stern-first, the vessel can break up to 1.8 m thick ice in a continuous motion

# Russia launches Yamal gas super project

Russia's Yamal project aims to produce 16.5 million tonnes of liquefied natural gas (LNG) a year, delivered to Europe and Asia by 15 purpose-built ships capable of breaking through two-metre-thick Arctic ice



The Arc7 LNG carrier Christophe de Margerie carried 75 656 tons of LNG from Norway to South Korea in 22 days



# Chinese interests in Russian Arctic

- When the full operation of the Yamal LNG project is reached, China will receive an annual supply of 3.5 million tons of LNG.
- China's participation in the Yamal LNG project represents one of the examples of the country's geopolitical and economic interests.
- The Yamal LNG project was celebrated by Chinese media as the first Arctic energy project within China's Belt and Road Initiative (BRI).
- China has also interest in financing deep-sea port construction in Arkhangelsk, and the development of the Belkomur railroad that will connect cities of Arkhangelsk and Perm.

# The Arctic policy objectives

- Knowing the Arctic,
- Protecting the Arctic,
- Utilizing the Arctic and
- Participating in Governing the Arctic

冰上丝绸之路, Party General Secretary Xi Jinping and President Vladimir Putin (Moscow, July 4, 2017, )



# Official China's Arctic Policy (January 2018)

- Deepening the exploration and understanding of the Arctic
- China's participation in the development of Arctic shipping routes
- Participating in the exploration for and exploitation of oil, gas, mineral and other non-living resources
- Participating in conservation and utilization of fisheries and other living resources
- Participating in developing tourism resources

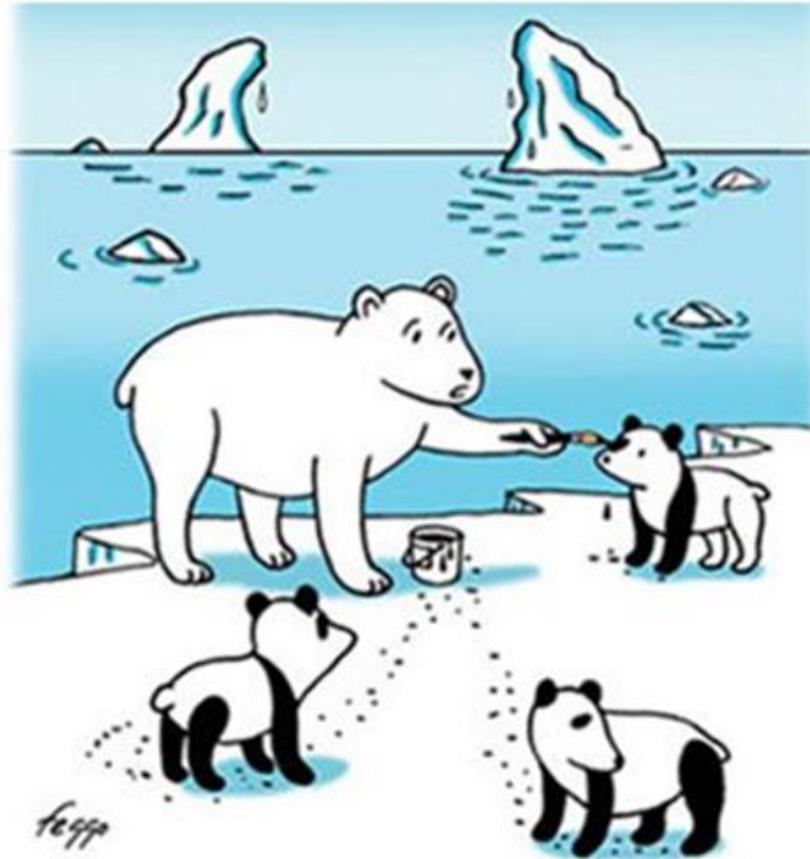
# The Arctic Blue Book: Arctic Development Report (2017) 2018-11-23

Source: Xinhuanet

- If the Arctic route is fully opened, China can save 127 billion US dollars in shipping costs per year.
- The Arctic route provides a safe and stable energy channel for China.
- The opening of the Arctic Channel directly affects the economic development layout of China's coastal areas.



# Arctic future for China



“We can’t stay here, and your father has connections in China.”