

# Ship Embarks on Historic Arctic Route

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The Nordic Barents setting out Saturday from Kirkenes, Norway. Russian icebreakers will accompany it for 10 days.

OSLO — The MV Nordic Barents is lugging 40,000 metric tons of iron ore from Norway to China on an Arctic Ocean shortcut through melting ice — and making a little history in the process.

Steaming east along Russia's desolate northern coast, the ship departed Saturday as the first non-Russian commercial vessel to attempt a nonstop crossing of a route that skirts the receding Arctic ice cap.

"We're pretty much going over the top," said John Sanderson, the Australian CEO of the Norwegian mine where the iron ore comes from.

By using the northern route from Europe to Asia, the Nordic Barents could save eight days and 5,000 nautical miles of travel thought to be worth hundreds of thousands of dollars to the owners of its cargo.

While many scientists are alarmed by the widening expanse of open water that the ship will traverse, blaming it on global warming, shippers see a new international route.

Sanderson's ASX-listed Northern Iron has sent 15 ships to China since it began mining in the northern Norwegian town of Kirkenes in October. All steamed south, then east through the Suez Canal or around the Cape of Good Hope.

To reach Chinese steel mills hungry for ore, they had to brave pirates in the Indian Ocean.

The Arctic route is no picnic either. On Saturday, the polar ice sheet remained almost as big as the U.S. mainland. But over the summer it has shrunk about as far from the Russian coast as it did during the biggest Arctic melt on record, in 2007, according to the Nansen Environmental and Remote Sensing Center.

And the Russians are waking up to the business potential of a route that was mostly reserved for domestic commercial vessels in the past.

"Suddenly there is an opening that gives this part of the world an advantage," said Felix H. Tschudi, whose shipping company is Northern Iron's largest shareholder.

Willy Oestreng, chairman of research group Ocean Futures, called the trip of the Nordic Barents "historic."

"The Western world is starting to show an interest and a capability to use that route," he said.

Two days after Russia and Norway agreed in April to settle a 40-year dispute over economic zones in the Barents Sea, government and business leaders of the two countries met in Kirkenes to sweep away hurdles to international shipping.

Russian law still requires an icebreaker escort even where ice danger is small because of a lack of onshore mechanical or medical support. But fees and rules are starting to loosen.

"Russian companies and Russian authorities are now ready to assist," said Mikhail Belkin, assistant general manager of the state-owned Rosatomflot icebreaking fleet.

Lots of Russian vessels have plied the passage, and two German ships traversed it last year with small cargos delivered to Russian ports. But the Nordic Barents, an ice-class Danish bulk carrier chartered by Tschudi, is the first non-Russian ship with permission to pass without stopping.

Rosatomflot has assigned two 75,000-horsepower icebreakers to the vessel for about 10 days of the three-week voyage. Tschudi will not say how much Rosatomflot is charging but praised it as "cooperative, service-minded and pragmatic."

"Today the route is basically competitive with the Suez Canal, and we can subtract the piracy risk," he said.

Excluding icebreaking fees, a bulk ship that takes the Arctic route from Hamburg to Yokohama can save more than \$200,000 in fuel and canal expenses, Oestreng said.

Belkin said insurance companies have been the main drag to developing the route.

"The Northern Sea Route is still unfamiliar to foreign ship owners, and that's even more true for foreign insurance companies, which demand very high premiums," he said.

He said icebreakers would meet the Nordic Barents off Novaya Zemlya and stick with it to the Bering Strait.

"The hardest part will be around the middle of the route, the Vilkitsky Strait," he said. "The ice sticks there in a sort of bottleneck."

Sanderson said he could send another four to six shiploads of ore over the top of Eurasia each summer.

"Somebody's got to blaze the trail and prove to the rest of the world that this is a commercially viable route that can be transited quite safely," he said.

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