

THE ARCTIC AND NEW TRANSIT OPPORTUNITIES FOR KAZAKHSTAN

<https://doi.org/10.52536/2788-5909.2023-1.04>

Aidarkhan Dauylbayev¹,
Ph.D. student, Department of International Relations,
L.N. Gumilyov Eurasian National University
(Astana, Kazakhstan)

Abstract. This article examines the potential and opportunities for the development of the Arctic, international cooperation in this region between subarctic and non-Arctic countries. First of all, the article considers transit opportunities of Kazakhstan in the Arctic direction, the interests of non-Arctic China in the region, as well as the prospects for cooperation between China, Russia and Kazakhstan in the development of the Irtysh river system. As a result of directed efforts, Kazakhstan can achieve the goals of diversifying the economy and developing logistics capabilities. The paper briefly talks about the resource potential of the Arctic, the level of development of river infrastructure along the Irtysh basin, as well as the cooperation achieved between Kazakhstan and Russia, and also between Russia and China. Our country should make maximum use of the transit potential of the Irtysh for access to the port of Sabetta, and then to the Northern Sea Route. It should be noted that investments in the implementation and development of the Irtysh corridor primarily have a long-term perspective.

Keywords: *Arctic, Kazakhstan, Russia, China, Irtysh, transit, shipping, cooperation.*

АРКТИКА ЖӘНЕ ҚАЗАҚСТАН ҮШІН ЖАҢА ТРАНЗИТ МҮМКІНДІКТЕРІ

Айдархан Дауылбаев

Аңдатпа. Бұл зерттеу жұмысы Арктиканы дамытудың әлеуеті мен мүмкіндіктерін, осы аймақтағы субарктикалық және арктикалық емес елдер арасындағы халықаралық ынтымақтастықты зерттейді. Ең алдымен, Қазақстанның арктикалық бағыттағы транзиттік мүмкіндіктері, аймақтағы арктикалық емес Қытайдың мүдделері, сондай-ақ Ертіс өзені жүйесін

¹ aidarkhan.db@gmail.com

дамытудағы Қытай, Ресей және Қазақстан арасындағы ынтымақтастықтың келешегі қарастырылады. Бағытталған күш-жігердің нәтижесінде Қазақстан экономиканы әртараптандыру және логистикалық мүмкіндіктерді дамыту мақсаттарына қол жеткізе алады. Мақалада Арктиканың ресурстық әлеуеті, Ертіс бассейні бойындағы өзен инфрақұрылымының даму деңгейі, сондай-ақ Қазақстан мен Ресей, сондай-ақ Ресей мен Қытай арасындағы қол жеткізілген ынтымақтастық туралы қысқаша айтылады. Еліміз Сабетта портына, одан әрі Солтүстік теңіз жолына шығу үшін Ертістің транзиттік әлеуетін барынша пайдалануы керек. Ертіс дәлізін іске асыру мен дамытуға салынатын инвестициялар ең алдымен ұзақ мерзімді перспективаға ие.

Түйін сөздер: Арктика, Қазақстан, Ресей, Қытай, Ертіс, транзит, кеме қатынасы, ынтымақтастық.

АРКТИКА И НОВЫЕ ТРАНЗИТНЫЕ ВОЗМОЖНОСТИ ДЛЯ КАЗАХСТАНА

Айдархан Дауылбаев

Аннотация. В данной исследовательской работе рассматриваются потенциал и возможности развития Арктики, международной кооперации в данном регионе между приарктическими и неарктическими странами. В первую очередь рассматриваются транзитные возможности Казахстана в Арктическом направлении, интересы неарктического Китая в регионе, а также перспективы сотрудничества между Китаем, Россией и Казахстаном в по развитию Иртышской речной системы. В результате направленных усилий Казахстан может достичь целей по диверсификации экономики и развития логистических возможностей. В работе кратко рассказывается о ресурсном потенциале Арктики, уровне развития речной инфраструктуры вдоль Иртышского бассейна, а также о достигнутом сотрудничестве между Казахстаном и Россией, а также между Россией и Китаем. Наша страна должна максимально использовать транзитный потенциал Иртыша для доступа к порту Сабетта, а далее к Северному морскому пути. Необходимо отметить, что инвестиции по реализации и развитию Иртышского коридора в первую очередь имеет долгосрочную перспективу.

Ключевые слова: Арктика, Казахстан, Россия, Китай, Иртыш, транзит, судоходство, сотрудничество.

Introduction

Until these days, the world community did not attach much interest to the Arctic, but today this region is increasingly involved in the process of globalization of the world economy. Scientific, technical,

trade and economic cooperation between the states in this region is actively developing, in this regard, the region is exposed to new challenges and threats.

Nowadays, it is impossible to accurately determine the amount of

wealth that the Arctic shelf contains. But that time has passed when there was an extremely small amount of information about the Arctic due to the inaccessibility of its territories. The world community has come to the conclusion that the bottom of the Arctic Ocean contains about 25% of the world's hydrocarbon reserves, as well as rich deposits of gold, platinum, diamonds, tin, nickel, lead and manganese [1].

Research Methodology

The methodological basis of the presented article includes an abstract-logic, generalization, analysis and comparison, economic and statistical research methods, and also a set of classical approaches to the consideration of international relations. The method of systematic analysis was also used, in particular, for the analysis of relations and interdependence between the states. In addition, the descriptive method was used during the research.

Research Results

A study conducted by the US Geological Survey in late 2008 is the most objective assessment of the resources of the Arctic floor. According to which about 22% of the world's undiscovered resources are hidden under the ice of the Arctic: 90 billion barrels of oil (13% of the world's undiscovered reserves); 1699 trillion cubic feet / 48.13 trillion cubic meters of natural gas (30% of the world's undiscovered reserves); 44 billion barrels of gas condensate (20% of the world's undiscovered reserves). It should be noted that only 16% of the resources are located on the land territory of the Arctic states within the Arctic Circle, and the main share of 84% is on the shelf of the Arctic Ocean [2].

The subarctic states are fully aware

that the resources of the Arctic Ocean are the energy base for their future economic development. Global competition for Arctic resources is also intensifying due to the gradual depletion of developed energy resources, as well as the impact of global warming on the Arctic ecosystem.

Worth noting that one of the main factors that encourage countries to get involved in the Arctic race is the transport route that connects the Asian, European and American continents. In general, this transport corridor has an international name - the Northern Sea Route (NSR). Some divide it into 3 ways: the Northern Sea Route itself is the shortest way from Europe to America; Northern Sea Corridor - from the Russian polar sector to the west; Northwest Sea Passage - from Europe to Asia along the northern coast of Canada. The NSR is the unified national transport communication of Russia in the Arctic, which is still the shortest route from Asia to Europe. The route from Murmansk to Yokohama through the NSR is 5767 miles, while through the Suez Canal it is 12840 miles, i.e. twice as much. It is also believed that using the NSR to transport goods from Northeast Asia to Europe saves about 40% of transportation costs in comparison to using the Suez and Panama Canals. Experts estimate that by 2040 due to global warming, a significant part of the Arctic Ocean will be free of ice, and by 2050 the NSR will be open 100 days a year instead of 20 days [3].

In addition to having a huge resource potential, the Arctic occupies a large territory that covers the entire Arctic Ocean, as well as parts of the Pacific and Atlantic, the outskirts of Eurasia and North America, and also does not have a clear legal status, which leads to a clash of national interests in this region and the generation of various kinds of rivalry. Particular attention in this situation is

attracted by countries that belong to the type of non-Arctic states, whose position is that the Arctic region should be globalized, and interaction with the Arctic (Russia, USA, Canada, Norway, Denmark) and subarctic (Finland, Sweden, Iceland) states should be cooperative and pragmatic. One of the largest non-Arctic countries is China, which, in cooperation with Russia, invests in Arctic infrastructure, scientific research, the development of hydrocarbon deposits and the development of shipping routes. As for the possibilities of Russia, it can be noted that the Arctic potential of this country is incomparable with the reserves of hydrocarbons in the Arctic territories of other subarctic countries. Today, about 1/5 of Russia's GDP and all-Russian exports are produced in the Arctic region of the country. Up to 75% of oil and up to 95% of gas is produced in the Far North of Russia. According to various estimates, Russia may have at its disposal about 2/3 of the entire hydrocarbon reserves of the Arctic Ocean if it manages to prove all its claims for the Arctic shelf [1].

In May 2015, China and Russia signed a Joint Statement on Cooperation on the Construction of Joint Eurasian Economic Union and the Silk Road Projects. Within the framework of cooperation between the Belt and Road Initiative and the EAEU, China recognizes cooperation on the Ice Silk Road project as a growth pole for pragmatic cooperation [4].

On January 26, 2018, the People's Republic of China published a White Paper on the country's Arctic policy. One of the most pretentious provisions in the document is that China is referred to there as the "Near-Arctic state", explaining this by the fact that China is one of the continental States that are closest to the Arctic Circle. The PRC is interested in making a contribution to creating a more

advanced management regime for the Arctic territories, making adjustments to the global management of the Arctic, ensuring the rights of stakeholders and actors [5].

Thus, it must be observed that now the Arctic Ocean is not so far from the borders of China. The Irtysh River originates in China, its waters flow into the Arctic Ocean, and its mouth is located near the seaport of Sabetta, which is a key element of the transport infrastructure of the Yamal LNG integrated natural gas production, liquefaction and supply project.

Speaking of the Irtysh basin and the port of Sabetta, today it is also strategically important for Kazakhstan to use the Irtysh River to access the Arctic route, the Northern Sea Route, which opens up opportunities for the states of the Central Asian region. Now one of the most urgent tasks is to use the potential of the river for the transportation of goods by river transport between Russia and Kazakhstan, as well as a possible exit to China [6].

Geographically, this river system connects our country with the Arctic Ocean and the Arctic in general. With a sufficient level of development of the river and sea infrastructure of the system, Kazakhstan could avoid the endogenous trade tariff by being landlocked. Such a prospect would provide enormous opportunities for the potential commercial, industrial and broader economic development of the Republic of Kazakhstan.

The expediency and benefit of the Irtysh corridor for Kazakhstan was proved back in 2016, when two major voyages to deliver heavy equipment for the Pavlodar petrochemical plant with reactor masses of 527 and 550 tons were made from South Korea along the Northern Sea Route. This first NSR charter for Kazakhstan began

in Ulsan, a major port located on the Sea of Japan and near the shipbuilding center of South Korea. The total length of the route "Ulsan - Pavlodar" was about 14 thousand km, of which about 2 thousand along the Ob and Irtysh [7].

The peculiarity and attractiveness of this transport direction "river-ocean" is that for super-heavy oversized installations and cargo, such as factory equipment and various machines, there is no possibility of transportation in sea container cargo of the TEU standard [7].

The Irtysh basin has a little more than 1.7 thousand km of waterway from the border with China to the border with Russia, including a little more than 1 thousand km in the East Kazakhstan and Abai regions, and about 600 km in the Pavlodar region. The Irtysh River is the main water artery of Kazakhstan. The length of the Irtysh River is more than 4 thousand km, and together with the Ob - about 5,400 km. The Irtysh originates on the border of China and Mongolia, then flows into the Ob at Khanty-Mansiysk [8].

The navigation season on the transboundary section of the Irtysh exceeds 6 months, which makes it possible to increase the volume of cargo transportation along the river. But there is a need to determine the actual dimensions of the Irtysh path in different periods of navigation.

The key to the access of the Irtysh direction to the Arctic is the development of the Yamal-Nenets region of Russia, namely the port of Sabetta in the Gulf of Ob, which gives access to the Kara Sea and the Arctic Ocean. Such a transport corridor should ultimately contribute to the infrastructure and global market shift that Kazakhstan needs to move out of Eurasia to the sea. The port of Sabetta was built to service the South Tambeyskoye gas condensate field and

to ship hydrocarbons from Yamal to East Asia. Although the port was developed primarily for the liquefaction of natural gas and its export, multimodal container cargo capacities are also being developed here [9].

The efficiency of the transshipment port at Sabetta suggests that for the Kazakh economy and trade to go to the open sea, it only needs to reach the port of Sabetta. Regional Russian authorities in the West Siberian Plain are already developing inland waterways from the Yamal-Nenets bridgehead. Integration with this continental river transport system opens up opportunities for our country to build a viable and promising sea route [9].

Now river navigation between Kazakhstan and Russia is developed mainly in the Pavlodar-Omsk section. Salt, crushed stone and sand and gravel mixtures are transported along the river for export, and timber and lumber are imported for import. The annual volume of cargo transportation along the Irtysh is more than 150 thousand tons. In the future, the development of the direction of container transportation, oil and agricultural cargo, the organization of passenger and tourist water routes are considered [10].

In recent years, due to a decrease in the level of traffic and the economic crisis, the volume of cargo handling in the ports of the Irtysh has declined sharply. The constant lack of allocated funds for the restoration and renovation of the port economy has led to the physical and moral depreciation of fixed assets. In this regard, the main task in river transport should be the restoration of the transport fleet and coastal infrastructure of the Irtysh basin.

It should be noted that a bilateral legal framework between Kazakhstan and Russia already exists. The contractual

base makes it easy to increase the volume of river transportation between Semey, Pavlodar and Omsk.

As for cooperation with China on the development of this direction, Tolegen Kulzhanov, deputy head of the Pavlodar river port, noted that the prospects for the operation of the Irtysh are great - there are prospects for establishing cargo transshipment between Kazakhstan and China. On the part of Chinese entrepreneurs, there is a high interest in such projects [11].

In this regard, a new and additional variable will be the role of China in the region. The Ob-Irtysh river system may eventually become a link and a bridge that will connect the Arctic and the Central Asian Silk Road. This requires infrastructure development and a rethinking of the New Silk Road across Eurasia as part of the One Belt One Road initiative.

Results Discussion

Thus, for most of its history, the export and transit capabilities of Kazakhstan to a certain extent depended on bilateral Kazakh-Russian relations, investment volumes, the level of development of logistics and the geopolitical situation. All this also applies to the current situation of the Arctic direction. The desire of our country in the Arctic direction depends on such variables as Russia's investment in the port of Sabetta and its transformation into a logistics hub, the reliability of the river route from Sabetta to Omsk, Russian-Chinese transit cooperation along the Northern Sea Route.

If the direction Omsk - Sabetta - the Northern Sea Route shows its effectiveness in the transportation of goods from East and Southeast Asia, then the development of the route from Omsk towards Pavlodar and Semey will only be

a matter of time.

The possibilities of container transportation along the Irtysh direction to the north can turn our republic into a maritime state with access to the Arctic. If it is possible to implement and develop this corridor, then the markets of Asia and Europe, as well as the entire World Ocean, will open for Kazakhstan.

It should be noted that not only Kazakhstan will benefit the most, but Russia and China can also benefit by developing merchant shipping and economic ties with their neighbors. For certain regions of the Russian Federation, trading with us across transboundary rivers may turn out to be more important and profitable than with other regions within their own country.

Conclusion

Thus, it must be recognized that the Arctic shelf, like a huge basin, is an undeniable source of unexplored energy resources. In addition, the Arctic region has significant transport and biological potential. As a result, the development of the Arctic and the implementation of an effective economic policy in this region become a potential opportunity and goal for each of the subarctic and not only states for further economic growth and development. It should be emphasized that it is vital for Kazakhstan, which does not have access to the ocean, to diversify its export, import and transit corridors, integrating into the Russian-Chinese partnership for the development of the Arctic and the development of the NSR. The Irtysh river system can become the key to the NSR and the Arctic as a whole. Kazakhstan needs to further explore and develop new innovative and ambitious logistics projects that meet national interests, one of which may be the Irtysh direction. The development of the Ob-

Irtysk river system, the port of Sabetta with its supply of liquefied natural gas and the shipping routes of the Northern Sea Route, which remain open all year round, open up future prospects for Kazakhstan's multimodal trade with the EU and Asia. The implementation of the Ob-Irtysk transit route will partly depend on how quickly Russia continues to further develop not only the port of Sabetta, but also the associated river infrastructure that will connect the Kazakh ports of Pavlodar

and Semey to the Russian river system. It should be emphasized that the Irtysk direction will not replace the existing direction in the Ural-Caspian basin. Today, cargo from ports on the Black Sea to Kazakhstani ports is delivered in transit through the Volga-Don Shipping Canal. But for Kazakhstan, the diversification of transit corridors and the development of modes of transport are considered vital. This approach will ensure progressive development in the future.

REFERENCES:

1. Osadchii A. (2006). Neft' i gaz rossiiskogo shel'fa: otsenka i prognozy [Oil and gas of the Russian shelf: estimates and forecasts]. *Nauka i zhizn'*. Vol 7. [Electronic Resource]. URL: <https://www.nkj.ru/archive/articles/6334/>. (Accessed: 28.12.2022).
2. Bird, Kenneth J., Ronald R. Charpentier, Donald L. Gautier, David W. Houseknecht, Timothy R. Klett, Janet K. Pitman, Thomas E. Moore, Christopher J. Schenk, Marilyn E. Tennyson, and Craig J. Wandrey [2008]. Circum-Arctic Resource Appraisal: Estimates of Undiscovered Oil and Gas North of the Arctic Circle. U.S. Geological Survey. [Electronic Resource]. URL: <https://pubs.usgs.gov/fs/2008/3049/>. (Accessed: 04.01.2023)
3. Tretyakova O.V., Zaikin A.K. (2011). Issledovanie marshrutov transportirovki szhizhennogo prirodnogo gaza iz evropy v strany aziatsko-tikhoookeanskogo regiona [Research of routes for transportation of liquefied natural gas from Europe to the countries of the Asian and Pacific region]. *Uspekhi sovremennogo estestvoznaniya*. Vol. 7, pp. 220-221. [Electronic Resource]. URL: <https://natural-sciences.ru/ru/article/view?id=27282>. (Accessed: 02.01.2023).
4. Glitova YA., Toropygin A. V. (2018). Politiko-pravovye osnovy sopryazheniya Evraziiskogo ehkonomicheskogo soyuza i Ehkonomicheskogo poyasa Shelkovogo puti: protsess formirovaniya i perspektivy vzaimodeystviya [Political and legal foundations for pairing the Eurasian Economic Union and the Silk Road Economic Belt: the process of formation and prospects for interaction]. *Upravlencheskoe konsul'tirovanie*. Vol.12, pp. 33-47. [Electronic Resource]. URL: https://www.acjournal.ru/jour/article/view/990?locale=ru_RU. (Accessed: 23.12.2022.)
5. China's Arctic Policy (2018). The State Council Information Office of the People's Republic of China. [Electronic Resource]. URL: https://english.www.gov.cn/archive/white_paper/2018/01/26/content_281476026660336.htm. (Accessed: 25.12.2022.)
6. Kazakhstan kak arkticheskoe gosudarstvo i morskaya derzhava [Kazakhstan as an Arctic State and a Maritime Power]. [Electronic Resource]. URL: <http://casp-geo.ru/kazakhstan-kak-arkticheskoe-gosudarstvo-i-morskaya-derzhava/>. (Accessed: 21.12.2022.)
7. Iz stepi v Arktiku: Kazakhstan poluchil shans stat' morskoi derzhavoi [From the steppe to the Arctic: Kazakhstan got a chance to become a maritime power]. [Electronic Resource]. URL: <https://365info.kz/2019/01/iz-stepi-v-arktiku-kazakhstan-poluchil-shans-stat-morskoy-derzhavoj>. (Accessed: 06.01.2023.)
8. EEK OON. Konkurentosposobnost' logistiki i transporta v Respublike Kazakhstan [UNECE. Competitiveness of logistics and transport in the Republic of Kazakhstan]. [Electronic Resource]. URL: https://unece.org/DAM/trans/publications/Report_-_Kazakhstan_as_a_transport_logistics_centre_Europe-Asia_RU.pdf. (Accessed: 10.01.2023.)
9. Kazakhstan kak arkticheskoe gosudarstvo i morskaya derzhava [Kazakhstan as an Arctic State and a Maritime Power]. [Electronic Resource]. URL: <http://casp-geo.ru/kazakhstan-kak-arkticheskoe-gosudarstvo-i-morskaya-derzhava/>. (Accessed: 19.12.2022.)
10. Novyi port na Irtyshe s potentsialom dostavki v Kitai i Arktiku [A new port on the Irtysk with the potential for shipping to China and the Arctic]. [Electronic Resource]. URL: <https://sf-logist.ru/news/novyy-port-na-irtyshe-s-potencialom-dostavki-v-kitay-i-arktiku>. (Accessed: 17.12.2022.)
11. Kitai predlaegaet sovmeštnyu perevozku gruzov po Irtysku [China offers joint transportation of goods along the Irtysk]. [Electronic Resource]. URL: https://www.inform.kz/ru/kitay-predlaegaet-sovmeštnyu-perevozku-gruzov-po-irtysku_a3240857. (Accessed: 25.12.2022.)