



NORDIC

BULK CARRIERS A/S

Transit Navigation on the NSR – Moscow June 5th 2012

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About Nordic Bulk Carriers

- Danish dry bulk shipping company currently operating 20 vessels in the handy- and panmax segments
- Part of the Bulk Partners Group which also includes Phoenix Bulk Carriers and Americas Bulk Transport. The group currently controls a fleet of 55 vessels including 5 owned.
- Market leader in operating modern 1A ice classed tonnage for the last 3 years.
- Only non-Russian operator to use the Northern Sea Route (NSR) for commercial transits
- Recent purchase of 2 panmax bulkers with iceclass 1A



FWD VOID
SPACE



Background for the use of the Northern Sea Route

- Expanding our ice operation, creating a double winter
- Obvious advantages of using the Northern Sea Route (shorter, less fuel consumed)
- Considerable experience in operating ice classed vessels
- Opening of the route from both Russian side as well as climate changes
- Innovation!
- A successful NSR transit with MV Nordic Barents in September 2010



The Nordic Bulk Carriers NSR transits of the NSR





The NSR 2010 transit

- MV Nordic Barents (43.000 dwt) performed a transit of NSR during September 2010
- The vessel carried a cargo of 40.140 mts iron ore
- The cargo was loaded at Kirkenes, Norway and discharged at Lianyungang, China.
- The NSR transit took about 8 days
- Not a lot of ice encountered during voyage and the transit was a great success.
- Big challenge to get all parties on board, owners, charterers, shipper, insurance company and the acceptance to use the Route.



HOUSING
OIL SPILL
EQUIPMENT

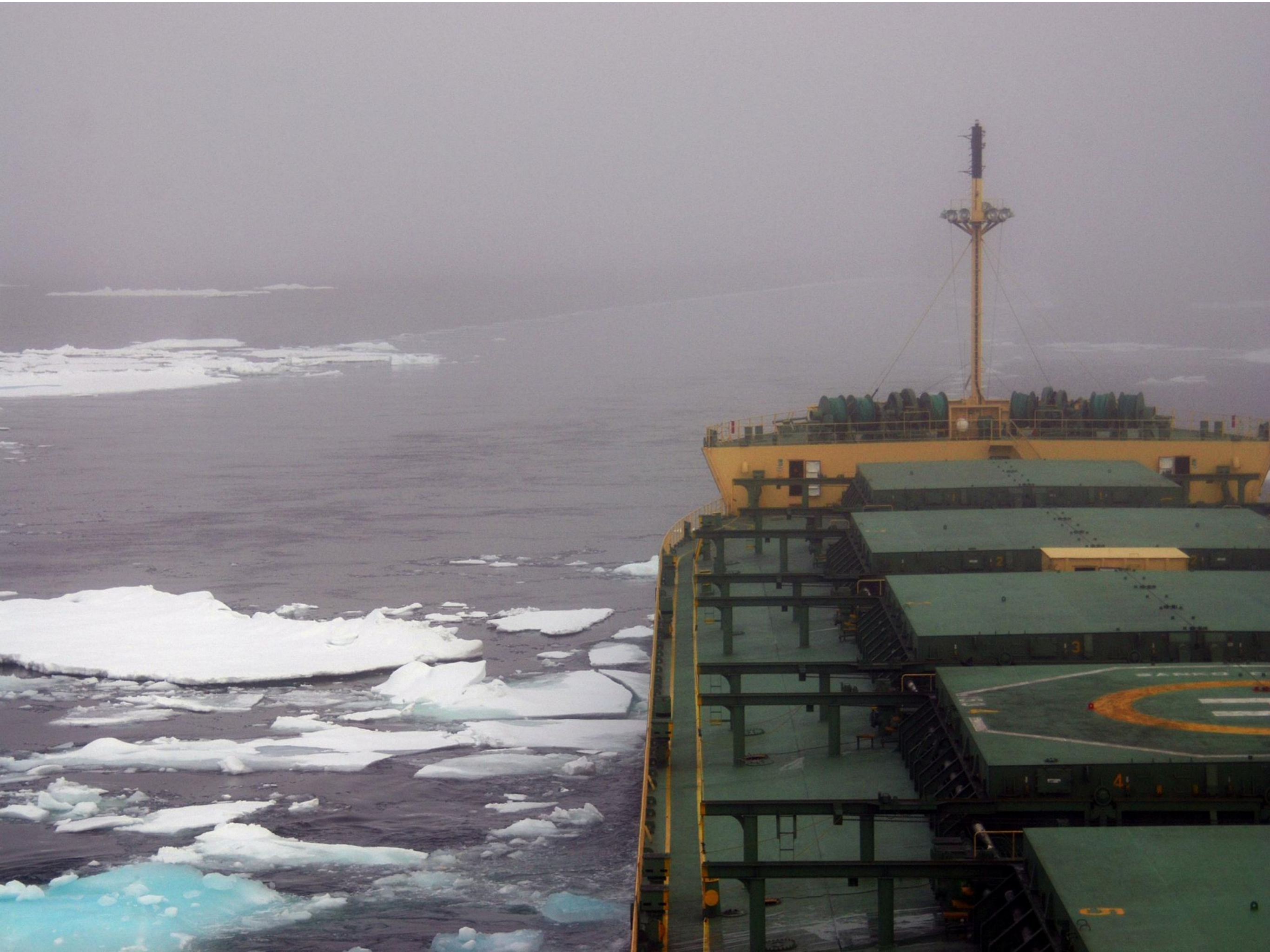


The NSR 2011 transit

- MV Sanko Odyssey (75.300 dwts) performed a transit of NSR during September 2011
- The vessel carried a cargo of 66.434 mts iron ore
- The cargo was loaded at Murmansk and discharged at Jingtang, China.
- The actual NSR transit took about 7,5 days (record for a Bulk Carrier)
- Less ice than in 2010 made the transit a success again this year.
- More experience within our organization made the approval easier this time but still a very bureaucratic and expensive experience









Nordic Bulk Carriers experience with the NSR

- Generally a very positive experience concerning the actual transits.
- No significant delays experienced during the transit.
- It should be noted that the two transits have been performed in September which traditionally is the optimum time of transit.
- Due to NSR requirements Russian ice pilots were employed on both vessels transit.
- We found the approval process to be bureaucratic and all of the requirements and documentation requirements are in Russian language.



The future challenges in connection with the use of the NSR

In order to develop steady commercial traffic with Bulk Carriers all involved parties are facing substantial challenges.

- 1: The pricing structure of the icebreaker service lacks transparency and needs to be adjusted in order to be in line with the way the dry bulk market works.
- 2: A long term solution is needed with regards to transit costs
- 3: The lack of westbound cargoes makes the pricing of a ballast voyage essential if a vessel should make more than one, maximum two, NSR voyages in each season.
- 4: The approval process needs to be streamlined / translated in order to make NSR transits more accessible for Non-Russian ship owners.
- 5: Operational challenges/delays due to increased traffic



Conclusion

The NSR have obvious advantages and the transits that we have done so far have been completed without incidents or substantial delays.

We consider Rosatomflot to be an extremely professional and reliable business partner who shares our commitment to developing the NSR.

Nordic Bulk Carriers are determined to continuing pursuing the commercial use of the NSR, and have shown that through recent investments.

However in order to develop the NSR from project shipments to a reliable and commercially viable alternative to the conventional routes changes needs to be made to the approval process as well as pricing structure.

Nordic Bulk Carriers expects to perform 7-9 transits in 2012 and are continuously working towards new projects in the NSR.