



SHIPPING IN THE CASPIAN SEA: CASE OF KAZAKHSTAN

Physical characteristics of the Caspian Sea basin determine specific features for commercial shipping. Currently merchant marine fleets in the Caspian Sea are represented by different types of vessels such as bulk carriers, oil tankers, barges, road and rail ferries. The majority of ships operating in the Caspian Sea is mixed river-sea navigation vessels, which has relatively small tonnage - 3-5 thousand tons. However, low-tonnage ships could not provide appropriate level of oil cargo transportation, which is the most profitable part of commercial shipment in the Caspian Sea. Due to orientation of the littoral states for exploration of oil and gas resources, each regional actor tries to replenish its national merchant marine fleet with ships of particular type namely vessels with deadweight up to 12-13 thousand tons.

In these circumstances, in the period between 2005-2012 Kazakhstan owned eight oil tankers with indicated tonnage for the transportation of hydrocarbons to the western coast of the Caspian Sea. Established in 1998, the National Maritime Shipping Company "Kazmortransflot" LLP (KMTF) has been providing oil cargo transportation using following oil tankers: "Alatau" and "Altai" (deadweight up to 11,6 thousand tons); "Aktau", "Almaty" and "Astana" (deadweight up to 12 thousand tons); "Atyrau", "Aktobe" and "Oral" (deadweight up to 13 thousand tons). The lack of national shipbuilding capacities forces Kazakhstan to make deal with foreign partners such as Russian JSC "Krasnoe Sormovo" plant

and JSC "Vyborg shipyard", which supplied KMTF with new ships.

In the late 2000s, Kazakhstani officials shaped the strategy of national merchant marine fleet improvement in accordance with the Program of maritime transport development of Republic Kazakhstan for 2006-2012. It was planned in the first stage that Kazakh merchant marine fleet would have ability to transport 20 million tons of Kazakh oil per year from Caspian seaport Aktau and 20 million tons more after putting the giant offshore Kashagan oil field into operation.

Furthermore, the government of Kazakhstan had strong desire to improve seaport facilities on the Caspian shore of the country by building new seaport Kuryk. Besides, the Program provided increasing the number of support vessels (barge-platform, bilge barge, bunker barges servicing vessels, ice class tugs, shallow draft tugs, rescuers vessels, etc.) involved in the exploration and development of offshore energy resources. It is not a secret that nowadays about 250 ships operate in the Kazakh sector of the Caspian Sea, more than 50% of which are used for the construction, drilling and transport facilities in the Kashagan oil field.

However, earlier announced plans have become inapplicable because of wide range of circumstance, including permanent postponement of the industrial oil extraction at the Kashagan field. According to optimistic forecasts, oil production at giant Caspian oil deposit would be resumed in the first half of 2016. Thereby, Kazakhstan has to consider the possibility of modifying its maritime transport strategy.

The gradual decrease in oil shipments from Aktau seaport with further reorientation of Kazakh oil to pipeline routes became the first step that official Astana made for updating shipping policy. This trend has gained momentum since 2010. According the latest statistical data, transshipment volume of crude oil and oil products has fallen from 11,307 million tons in 2009 to 5,954 million tons in 2014.

As a result, the seaport Aktau faced the problem of underutilization of its facilities caused by rapid reduction of oil cargo transportation.

Nevertheless, "Kazmortransflot" was able to find appropriate solution to the problem by offering its oil tankers and other vessels services to the neighboring countries, especially Turkmenistan. Therefore, in 2013 KMTF signed a contract with ARIA Petroleum for the marine transportation of Kiyarly Light Oil on the route Kiyarly (Turkmenistan) - Aktau (Kazakhstan) with further transit to Uzbekistan for refinery. In the same year, "KazMorTransFlot" was registered as a potential service provider for the companies Bumi Armada Berhad and Petronas Carigali (Turkmenistan). Finally, at the beginning of January 2015 the oil tankers of National Maritime Shipping Company namely "Almaty" and "Aktobe" started transporting oil cargo from Turkmen ports to Makhachkala (Russia) and Baku (Azerbaijan).

Therefore, deepening cooperation with regional shipping companies allowed KMTF to make second step on its way for transforming national maritime transport strategy

Politics, Foreign Affairs and Security

- A “Normandy format” meeting of political directors from the foreign ministries of Russia, Ukraine, Germany and France was held in the German capital to discuss Ukrainian settlement.
- Liberal democrats got majority of seats in Uzbek parliament as a result of the elections held in December, 2014 and re-vote held in January, 2015.
- UN Secretary-General Ban Ki-moon announced that the state of Palestine would join the International Criminal Court on April 1, 2015.
- France raised its alert to the highest level after three days of terrorist attacks that left 17 dead including 12 dead in attack on Paris newspaper - the Charlie Hebdo weekly.
- French President Francois Hollande, German Chancellor Angela Merkel and Ukrainian President Pyotr Poroshenko met briefly at the Elysee Palace to discuss preparations for a next “Normandy format” in the Kazakh capital Astana.
- Hundreds of thousands of people joined by dozens of world leaders have attended a rally through Paris to honour the 17 people killed in terrorist attacks.
- The presidents of Iran and Venezuela signed an agreement on joint action to prevent further decline in world oil prices.
- The Pentagon has announced a plan to close down 15 military bases in Europe due to shrinking budgets.
- Iceland Prime Minister announced that the country would withdraw its application to become a member of the European Union.
- German Chancellor Angela Merkel played down the chances of a Greek withdrawal from the euro zone.

- According to the UN refugee agency (UNHCR), 1.4 million people fled across international borders and became refugees.

Economy, Finance and Energy

- Inflation hit 7.4 % in Kazakhstan in 2014.
- Inflation hit 8.17 % in Turkey in 2014.
- Ukraine’s 2014 gas import from EU increased by 59%.
- Price for barrel of Brent crude oil falls below \$ 50 for first time in 6 years.
- The tankers of KazMorTransFlot National Maritime Shipping Company JSC of Kazakhstan started transporting oil cargo from Turkmen ports.
- Transportation of Azerbaijan’s oil via BTC has decreased by 3% in 2014.
- President Administration announced that Barack Obama would veto a bill aimed at forcing construction of the contentious Keystone XL pipeline between the USA and Canada.
- Belarus devalued its ruble versus the dollar by 7% and Turkmenistan its manat by about 19% in the beginning of January.
- The World Bank recommended building fiscal buffers for the threat of high vulnerability in developing countries due to rapid reductions in global petrol prices.
- China’s President Xi Jinping announced that China would invest about \$250 billion within a decade into Latin American countries.
- The first US companies engaged in shale oil and gas production namely WBH Energy has announced its bankruptcy. Due to fall in oil prices the company’s total debt soared up to \$50 million.refugees were registered currently in Egypt, Iraq, Jordan, Lebanon and Turkey.

- The international rating agency Fitch had downgraded Russia’s long-term rating from BBB to BBB-, negative outlook.

- Afghanistan stopped importing Iranian oil products due to substandard quality.

Society and Culture

- Thousands of Germans have held demonstrations in several cities across the country to express opposition to the right-wing anti-Islam and immigration rallies in the country.
- Orthodox Christmas celebrated throughout the world.
- About 40 people infected with a mysterious sleeping disease in Kazakhstan last two weeks.
- Russian humanitarian convoy delivered to Lugansk and Donetsk the aid cargo - food products, medicines, and Christmas presents for children.
- TVET UK has launched on-the-ground offices in both Kazakhstan and Algeria to meet the growing demand for skills development in the oil & gas industries.
- Extreme cold waves and record snowfalls were observed in Turkey.
- A team of Indonesian navy divers retrieved the flight data recorder from an AirAsia airliner that crashed two weeks ago, killing all 162 people on board.
- The “Leviathan” film created by Russian director Andrei Zvyagintsev has won the Golden Globe Award in the Best Foreign Language Film nomination.
- At least 18,000 people in the eastern German city of Dresden have taken part in rallies opposing Islamic influence in Western nations and prompting massive counter-protests in several cities.