



## If You Build It, Will They Come?

**OE Watch Commentary:** The Russian State Corporation *Rosatom* is a \$300 billion energy company that controls Russia's nuclear energy, while *Rosatomflot* is a subsidiary that operates and maintains Russia's five nuclear powered icebreakers. According to the accompanying excerpted article from *The Barents Observer*, the Russian government is planning to build the world's largest icebreaker to keep the Northern Sea Route open for traffic; however, the major Arctic development companies do not want to be tied to *Rosatomflot*, who could hike the price for their essential services with little or no recourse. They want to buy their own purpose-built icebreakers. The other issue is that Russia likes big vessels, but constructing them is not their forte and frequent delays have plagued large ship construction in the past. **End OE Watch Commentary (Grau)**



**ROSATOM**

Rosatom Logo.

Source: Rosatom Website, <https://www.rosatom.ru/en/press-centre/corporate-identity/>.

*“Gazprom Deputy CEO Vadim Yakovlev underlined that his company is building its own fleet of tankers and icebreakers because it wants ‘independence from external conditions and capacity limitations imposed by shipping companies’.”*

**Source:** Atle Staalesen, “The Monster-icebreaker that might reshape Arctic shipping,” *The Barents Observer*, 16 July 2018.

<https://thebarentsobserver.com/en/2018/07/monster-icebreaker-might-reshape-arctic-shipping>

*The 120 Megawatt icebreaker Лидер [Leader] is not only super-powerful, but also super-expensive, and Russia's ability to cover the bill is in question. However, the country's authorities continue to state that the vessel will be built. Several yards are competing to build the ship... Russian nuclear power company Rosatom ...confirmed that an investment decision will be taken late 2018 or early 2019.*

*“This unique icebreaker - which is without peer in the world - will allow us to develop northern fields at a speed which meets the objectives of natural resource developers like Novatek,*

*Rosatom leader Aleksey Likhachev told President Vladimir Putin in a meeting in the Kremlin.*

*The 209 meter long and 47 meter wide vessel, designed by the Iceberg Company, has a draft of 13 meters and will be able to break through four meters of thick ice at 12 knots speed. It will be powered by two RITM-400 reactors with a total 120 MW capacity. It has unlimited range and can operated round-the-year...*

*Vyacheslav Ruksha, the head of Rosatomflot states the ship is needed for Russia to strengthen its presence in the global markets of liquefied natural gas, as well as to provide for Arctic expeditions...Лидер will enable Russia to open direct access to the Asian-Pacific countries. Two, perhaps even three of these vessels will be built.*

*However, the leading natural resource developers in the Russian Arctic might actually not want the new super-powerful ships. Instead, they intend to build their own fleets of icebreakers.*

*Recently, Novatek announced that it is establishing its own shipping company, which ultimately will transport LNG from the company's plants in the Arctic. The company has indicated that it wants its own fleet of icebreakers, possibly fueled by LNG.*

*Novatek now accounts for the biggest volume shipped out of the Russian Arctic. A growing number of top-class ice-class tankers shuttles to and from Sabetta, the terminal serving the Yamal LNG project, and more will come when the company opens its second LNG project, the Arctic LNG 2 in a few years.*

*Gazprom Neft is also signaling that it prefers to go its own way, without the involvement of Rosatom. The company has just launched the Александр Санников [Aleksandr Sannikov], a powerful 121-meter-long icebreaker capable of breaking through two meters of thick ice. It will assist tankers shuttling to and from the company's Arctic Gate oil terminal in the Gulf of Ob...*

*...Gazprom Deputy CEO Vadim Yakovlev underlined that his company is building its own fleet of tankers and icebreakers because it wants “independence from external conditions and capacity limitations imposed by shipping companies.”*

*...Another major Arctic stakeholder, Nornickel, is independently operating its shipments of nickel ore between Dudinka in the Yenisey River and Murmansk. With their bids for independent shipments, the companies challenge the growing power of Rosatom in the Arctic. The state nuclear power company has got the Kremlin's blessing for a leading role in the development of the Northern Sea Route, and plans are ambitious.*

*According to Rosatom leader Likhachov, traffic on the Northern Sea Route will multiply in only few years. By 2030, at least 70 million tons of goods per year will be shipped...towards the East Asian markets. However, Rosatom is dependent on the natural resource developers that are generating the growing volumes of goods that are shipped across the region.*