

WESTERN SANCTIONS WILL AFFECT RUSSIAN SHIPBUILDING

Western sanctions will not hamper construction of nuclear icebreakers, but can have negative consequences for other Russian civilian shipbuilding.

Western sanctions could curb Russian Arctic oil Statoil, Rosneft delay Siberian drilling, while CEO Sechin added to international sanction list This week the U.S. and EU hardened its sanctions against Russia designed to punish its continuing backing of separatists in Eastern Ukraine.

The sanctions include the EU banning any trade in arms and the US prohibiting transactions with Russia's United Shipbuilding Corporation, which it classified as a defense company. According to the United Shipbuilding Corporation the sanctions will probably have no impact on state orders that already are under construction, but can seriously hamper future orders.

The Baltic Shipyard outside St. Petersburg has orders to construct Russia's three next, much-needed nuclear-powered icebreakers. The prototype was laid down in November 2013 and is planned to be ready for service in December 2017.

The two next icebreakers should be ready for delivery in 2019 and 2020. "We don't see any problems in the construction of the nuclear icebreakers, since no part of the equipment - down to the last bolt and screw - has anything to do with the U.S." a spokesperson from United Shipbuilding Corporation says to Arctic Info.

Others are not so optimistic about the future of civilian Russian shipbuilding after the last sanctions were imposed. Head of St. Petersburg's Committee for Industrial Policy and Innovation Maksim Meyksin says to website Baltpp that the sanctions can have serious impacts on the large shipyards in the region.

The ban includes delivery to Russia of spare parts for equipment brought abroad, something that can bring the whole production to a standstill, Meyksin says. St. Petersburg region is home to four large shipyards that are part of United Shipbuilding Corporation.

The sanctions can also put the cooperation between Vyborg Shipbuilding Factory and Finnish Arctech Helsinki Shipyard in jeopardy.

The shipyard in Finland, which produces icebreakers and ice-strengthened vessels for the Russian market, is 50% owned by United Shipbuilding Corporation. The other half is owned by STX Finland Oy, part of the South Korean STX Shipbuilding. "The sanctions can make it impossible to get equipment from the Finnish yard," Dmitry Kumanovsky from the investment company Lenmontazhstroy says to Fontanka. Experience from Severnaya Shipyard and Baltic Shipyard has shown that import substitution is possible, but that this makes the vessels more expensive, because of the smaller number of orders, he says. "To make production cheaper is only possible with a substantial number of state orders."

Source : Barents observer