The Securitisation of Energy
Russia’s Use of Hydrocarbons in its Foreign Policy since the Ukraine Invasion

Emily Ferris
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Executive Summary

This paper examines how Russia’s energy policy has interacted with its foreign and defence policies since its full-scale invasion of Ukraine in February 2022. The key findings are:

- Russia perceives any restriction of its access to and exploitation of oil and gas markets both within Russia and abroad as a serious security threat. Restriction could either be through international sanctions that prevent Russia from accessing deep-water oil deposits, or the international climate change agenda that calls for a reduction on oil and gas production.

- As a major oil and gas producer, Russia considers the hydrocarbons industry to be a key part of its political economy and therefore its national security. Prior to Russia’s invasion of Ukraine, Russia’s role as an energy provider – or sense of international responsibility to its clients – was thought to keep some of its behaviour in check, even as Russia had in the past wielded its energy supplies to extract political concessions from some of its former Soviet neighbours. Ultimately, Russia’s security goals in Ukraine overtook any of this responsibility, which has framed much of the debate around Russia’s future as a declining energy power in Europe.

- Russia’s understanding of energy security is bound up in the country’s sovereignty, and with strategic competition with other states over resources. Ensuring security of demand and continued access to resources are part of Russia’s national security framework and even its national identity.

- The war has increased the urgency for Russia to seek out alternative alliances and structures with China and Iran. In recent years, Russia has established its own energy forums with partners such as Saudi Arabia and some African states – work which has become more pressing since the war began and Russia’s energy relations with the West have been significantly reduced.

- Russia claims that the West is seeking to undermine it through its dominance of energy resources, and that international forums, such as the UN, are prejudiced against Russia’s national interests. Russia also conflates energy with politicking, maintaining that Western efforts to cap its production prices or curtail nuclear energy use are part of a campaign to undermine Russian values and exert a neoliberal agenda.

- The war has intensified Moscow’s need to identify new export destinations, with rail and pipeline networks that were previously in train accelerated. But to do so, particularly towards the Indo-Pacific region, Russia must link up its oil and gas reserves with maritime and rail infrastructure. This includes new terminals along the Northern Sea Route that can process liquefied natural
gas, coal and oil and updating port infrastructure, as well as new ice-class vessels for exports.

- Investments in the North–South Corridor via Iran have also gained traction since the war began, particularly to export oil and deliver on some of the practical elements of Russia’s foreign policy, by bringing Iran and India closer to its economic network. Russia has also identified specific development zones in the Arctic that are rich in hydrocarbons or have access to the sea.

- Prior to the war, Gazprom’s monopoly in Europe had been unchallenged, but this is not the case in Asia, where it faces rival Novatek – this infighting may impact Russia’s ability to expand its energy plans in China. The Power of Siberia 2 pipeline contract with China, as yet to be signed, would give Gazprom a future role in Asia.

- Russia tends to use international platforms like the UN to further its own national interests or ensure it has a stake in the conversation, rather than in pursuit of a common cause. Since the war began, Russia’s ability to interact with other (especially Western) states has been restricted.

- Since the war began, Russia and Saudi Arabia’s coordination through OPEC+ has been more pressing. Riyadh has not aligned itself with the Western consensus on Ukraine, nor has it introduced sanctions on Russia. But the war has caused a decline in global energy prices, and there are frictions between Russia and Saudi Arabia over Russia’s refusal to publish its oil export figures. Riyadh suspects that Moscow continues to export significant volumes of oil despite their price agreements, but the former has not criticised this and, since the war began, has invested in Russian companies like Gazprom.

- Russia is highly affected by climate change, but also banks on its status as a commodities producer to retain its international position. This inconsistency informs its strategic policymaking on the environment, as well as its behaviour in international forums related to climate change. Moscow often objects to international climate change efforts because it prioritises Russia’s national security, not the security implications that can stem from climate issues. While climate change can affect Russia’s national security, it is described as an issue that threatens Russia’s economic development, requiring technological or practical solutions, not adjustment to the extractive industries. Russia also views warming Arctic seas as more of an opportunity to improve access to shipping lanes than a crisis.

- Russia views the Western-led climate change movement as an agenda seeking to undermine Russia and its interests in the extractive industries. Moscow’s installing of former intelligence officials in posts concerned with environmental security highlights the crossover in the Kremlin’s mindset between the environment and national security.

- Since the war, many environmental links between Russia and the West have been severed. Moreover, there is little international oversight of Russia’s
major drilling projects or their environmental impact, and legislation that restricts ecological activism has been tightened. Most Western-led NGOs dedicated to the environment have been shut down.

- Ultimately, even if the UK can decouple from Russian oil, the complex and global nature of international energy markets means Russia’s behaviour as a hydrocarbon superpower can still impact the UK’s energy security. Russia views external attempts to cap oil prices as a dangerous precedent that could be extended to other areas of the Russian economy and Russian values. This indicates that Moscow interprets international economic and pragmatic decisions as a direct attack on Russian sovereignty.
Introduction

This paper analyses Russia’s energy policy and the way this interacts with the country’s foreign and defence policies. The paper is part of RUSI’s UK National Security and the Net Zero Transition project and is published alongside a paper that focuses on the links between Saudi Arabia’s energy policy and its foreign and security policy behaviour. Together, these two papers analyse how Russia and Saudi Arabia – which aside from the US are the world’s leading oil exporters – approach their roles as energy superpowers, how their energy-related decision-making has evolved since Russia’s invasion of Ukraine, and how their foreign policies and conduct in international forums, including on climate change and other major global issues, will continue to have global implications.

As oil and gas prices were already elevated in 2021 following the Covid-19 pandemic, Russia was able to exploit them in Europe in order to drive up prices before it invaded Ukraine. This returned the link between energy and geopolitics, and in particular the question of energy security, to the fore. The war has demonstrated that energy and geopolitics cannot be separated, and has increased the need to determine how major fossil fuel producers think about their international roles.

While there are many definitions of energy security, for the purposes of this paper, energy security of states is considered to be both a practical issue of supply access and pricing, and a geopolitical issue that relates to foreign policy behaviour in the energy sector. For states that are net importers of energy, as the UK and most of Europe are, security of oil and gas supply is often equated with diversification. This includes diversification away from fossil fuels, an increasingly potent driver of energy policy across Europe. But while hydrocarbons are required to generate electricity and to fuel industries, diversification of supply also means securing access to oil and gas from sufficiently diverse sources that no single disruption leads to sudden shortages or price disruption.

Before the Ukraine war, some European states relied, to varying degrees, on imports from Russia, one of the world’s top oil and gas producers and exporters. The war has prompted many European states to reduce and ideally end imports

from Russia by 2027\(^4\) in order to deprive Moscow of revenue and reduce Russia’s leverage over Europe.\(^5\) While the EU has made some progress on this, reductions in gas volumes in particular were also due in part to the Kremlin’s actions, including Moscow’s suspension of gas via the Nord Stream 1 pipeline, and a March 2022 presidential decree that demanded payment for gas in roubles from countries involved in the EU’s ‘unfriendly actions’ towards Russia.\(^6\)

The UK has been comparatively less affected by this dynamic; in 2021, only 9% of the UK’s oil and 4% of its gas imports came from Russia, and by January 2023 this had been brought to zero.\(^7\) But while replacing Russian supply was not the UK’s key concern, due to its reliance on natural gas, it was hit just as hard as its European partners by the surge in oil and gas prices sparked by the war. The UK is exposed not just to disruptions to the flows of the oil and gas that it imports directly, but also to the global flows of hydrocarbons.\(^8\)

As the war continues into its second year, although oil prices have somewhat stabilised, there has been a renewed focus by the West on the behaviour of the members of the Organization of the Petroleum Exporting Countries (OPEC), most notably Saudi Arabia, and a group of major producers, including Russia, that have aligned their oil policies with those of OPEC since 2016 through the OPEC+ framework. Every decision by the grouping to adjust production quotas, especially the significant cuts announced in October 2022 and June 2023,\(^9\) has been scrutinised by Western analysts for its economic and political motives.

Moreover, the serious fracturing of the relationship between Russia and the West as a result of Russia’s invasion of Ukraine has meant that Russia’s behaviour as a major hydrocarbon producer, both in its export dealings and more generally in international forums for discussing these issues, has been particularly difficult to engage with. This is particularly the case where, as in Russia, governments

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control the energy industry. As a major emitter of greenhouse gases, Russia’s behaviour around climate change issues adds another dimension to this.

Given the importance of understanding how major producers behave, this paper examines how Russia sees and exercises the international roles afforded to it by its energy resources. The paper analyses three key issues: how hydrocarbons and their export relate to Russia’s perceptions of itself and its place in the world; the extent to which Russia’s energy policies are securitised and how they are linked to Russia’s domestic and foreign policies; and how Russia relates its status as a hydrocarbon exporter to notions of environmental security and international climate action efforts. As the paper will show, Russian definitions and understanding of environmental security and where this presents a national security threat widely diverge from Western understandings. Moscow tends to frame risks stemming from climate change, such as flooding, as something to be countered by technological or financial solutions, rather than addressing core issues, such as Russia’s continued extraction of hydrocarbons, as contributions to the initial problem.10

Understanding how Russia constructs its energy security and foreign policies is therefore essential to anticipating how it might behave in international forums, particularly on challenging issues such as environmental and energy security, and where some of Moscow’s red lines might be.

Methodology and Structure

The paper is divided into three chapters. The first focuses on Russia’s foreign policy decision-making in energy since it invaded Ukraine, and some of the factional disagreements between powerful energy companies which impact the Kremlin’s ability to put forth a coherent energy strategy. The second chapter discusses Russia’s engagement in OPEC+, highlighting its marriage of convenience with Saudi Arabia around oil prices and the future trajectory of this bilateral cooperation. The third chapter examines Russia’s approach to environmental security and discusses the divergences of opinion between Russia and the West over how to approach the threat of climate change.

This paper is based on a review of open-source journals, books and public statements from officials in Russia, using local-language sources where possible, to piece together Russia’s current and historical views on energy security, focusing on the 2022 invasion but also grounding the analysis in recent historical literature. In addition, the paper offers a targeted review of Russia’s energy strategies and

other important official documents such as its national security and Arctic strategies, as well as documents that govern its environmental policies and its engagement with the hydrocarbons industry, in order to understand better the gaps between Russia's official foreign policy documents and its actions.
I. Russia: Reimagining the Globe

For Russia, its full-scale invasion of Ukraine and the impact of that invasion on global prices have accelerated the competition between it and the West over traditional oil and gas markets, a process that has been under way for more than a decade. It is less the changing oil prices themselves and more the potential restriction of Russia’s access to and exploitation of these markets – both domestically within Russia and abroad, variously through instruments such as international sanctions that prevent Russia from accessing deep-water oil deposits, or the international climate change agenda that calls for a reduction in oil and gas production – that Russia views as a serious security threat. This securitisation of energy policies is the lens through which Russia’s own energy policymaking is seen from Moscow.

Russia is a major oil and gas producer, with its oil output in 2021 making up 14% of the world’s total supply. In 2021, its revenues from oil and natural gas made up 45% of its annual budget. Its energy companies are also major employers within Russia, supporting the livelihoods of over two million people, and the importance of these industries is enshrined in Russian law. According to a 2008 law, key industries such as defence and oil and gas are considered by the Kremlin to be ‘strategic sectors’ – cornerstones of the economy upon which Russia’s political economy and therefore its national security rests. Foreign investment in these sectors is heavily restricted, extra state scrutiny is exerted over them, and they are prioritised at the expense of other, less lucrative sectors such as healthcare and education.

Prior to Russia’s invasion of Ukraine, the Western view of Russia’s role as an energy provider was a rather paradoxical mixture of business pragmatism and political interventionism. Before the 2022 invasion, Russia’s status as a major petro-state and its consequent sense of responsibility to its clients, particularly in Europe, were viewed by some Western analysts as one of the guarantors that

12. Ibid.
13. Ibid.
could keep Russia’s international behaviour in check\textsuperscript{15} – but there was also broad acknowledgement that Russia was capable of and had used its supplies to extract political concessions from former Soviet neighbours\textsuperscript{16} such as Georgia (in 2006) and Ukraine (in 2009). In the end, Russia’s security goals in Ukraine overtook any desire for Russia to cast itself as a reliable energy supplier, and this has framed much of the current debate around Russia’s future as a declining energy power in Europe. However, what this has overlooked from a policy (rather than an energy) perspective is that for Moscow, energy supply is only part of the security picture.

**Moscow’s Securitisation of Energy – Ensuring Russian Sovereignty**

Most states view energy security as a serious issue; many governments have influence over their nations’ energy sectors and in a lot of these, the energy sector tends to be dominated by large projects and the relatively small number of companies controlling them.\textsuperscript{17} What makes Russia’s approach to energy security particularly Russian is the way that energy and the country’s very sovereignty are bound up with strategic competition with other countries over resources.

Security of demand and continued access to oil and gas markets are key tenets of Russia’s national security framework, and of its national identity. Moscow’s perception of itself as a great power is largely based on a combination of its military might, its nuclear capabilities and its continued ability to produce and export significant volumes of natural resources.\textsuperscript{18} Although President Putin has not specifically referred to Russia as an ‘energy superpower’, it is clear Moscow views its prominence on the international stage and its ability (or as Moscow sees it, its right) to have a significant stake in foreign affairs as bound up with its natural resource wealth.\textsuperscript{19}

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From the Kremlin’s perspective, attempts to stymie Russia’s continued role as a natural resource producer – be it through sanctions or competition with other states over access to resources in the Arctic – are all a serious threat to Russia’s existence. Sanctions introduced on Russia’s hydrocarbons industry by Europe, the US and other allies since Russia’s annexation of Crimea in 2014 tended to target technology related to Arctic, deep-water exploration and onshore tight oil extraction, but ultimately they had little impact on Russia’s onshore deposits in western and eastern Siberia, which make up the bulk of its production in the short term.\(^\text{20}\)

Against this backdrop, and particularly since its full-scale invasion of Ukraine in 2022, Russia has embarked on a strategic and practical reorientation of both its trade and foreign policy alliances. This reorientation sees Russia reimagining the globe and Moscow’s place within it.

Russia’s latest foreign policy strategy – its first major policy document published since the war began – envisages Russia and its allies China and India united at the centre of a grand Greater Eurasian Partnership, pitted against the hegemonic (and allegedly declining) West.\(^\text{21}\) This perception frames Moscow as being at the heart of decision-making, with nascent relationships with middle powers such as Iran forming an important economic basis of the alliance.\(^\text{22}\) Although much has been made of the significant gap between Russia’s strategic planning and its practical ability to deliver on these goals, what this perception does show is Russia’s intention to restructure the globe on its own terms and to place Moscow at the hub of global decision-making. This is important, because it clearly delineates who and what Russia sees as a threat to its sovereignty. Its foreign policy document makes clear that it respects the sovereignty of powers such as India and China, while remaining mistrustful of and distant from the so-called ‘Anglo-Saxon world’, a derisive and archaic term that Moscow uses to refer to the UK and some other European states.\(^\text{23}\) However, it is not clear that China and India buy into Moscow’s version of the world, especially with framings that conceptualise Russia as the driver and leader of their international positions.

Russia’s foreign policy approach pivots its vision towards a new alliance arrayed directly against the ‘collective West’ (in Russia’s mindset, mostly made up of the EU, NATO member states and the US), which is depicted as a failed example of


imposed democracy. This clash of civilisations that Russia is articulating is laying the groundwork for serious frictions between the West, Russia and the rest of Russia’s allies, particularly over energy and access to available resources.

The war has also exacerbated a growing tendency on the part of Russia to seek out alternative structures such as BRICS – an economic grouping consisting of Brazil, Russia, India, China and South Africa – or the Shanghai Cooperation Organisation in order to promote its way of looking at the world. In this vein, since 2017, Russia has established its own energy forums with trusted partners – including Saudi Arabia and many African states – with the aim of reframing energy issues on its own terms. One such forum, in 2022, was notable for its assertion that Europe’s longstanding policy of moving away from Russian gas was a failed attempt to weaken Russia, linked to the energy crisis – with no acknowledgement of Russia’s own role in that crisis.

Russia’s perception is that the West is seeking to undermine Russia through its dominance of energy resources, and that international forums such as the UN Security Council are prejudiced against Russia and its national interests. There is also a widespread belief among the Kremlin leadership that certain efforts by the West – for example, to cap oil production prices or curtail the use of nuclear energy, or for the US to deliver gas to Europe in order to replace Russia – are part of an attempt to undermine Russian traditional values and exert a neoliberal political agenda. Moscow’s understanding of the West’s actions in the energy sector has been framed in increasingly negative terms over the past decade, reflecting not only the highly securitised way in which Moscow views any external intervention in what it perceives to be its energy affairs, but also its own misconceptions about the West. It also reflects that Moscow has little concept of the importance of climate change issues in shaping global energy policies and prefers to frame climate change as a Western conspiracy designed to undermine Russia’s interests.

While many of these foreign policy relationships were in train before the war, Russia’s invasion has accelerated Moscow’s need to identify new energy export destinations and to reduce its reliance on imported foreign technology. Although Russia’s so-called ‘pivot to the East’ has already been a long-term trend for at

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24. Ibid.
28. Ibid.
least the past decade, with some rail and pipeline infrastructure build to support it, the programme has recently been accelerated because Russia has few other options. To do this, however, Russia must link up its oil and gas reserves with its maritime and rail infrastructure in order to reorientate its export structures and maintain its own energy security. Whether realistic or not, Putin maintained in mid-2022 that by 2025, Russia intends for 80% of its energy industry’s equipment to be domestically manufactured, to ensure that oil production remains high and to reduce external sanctions risks.

Some of these plans for domestic reliance, and new ways of seeing the globe, are evident from Russia’s other strategic planning documents that govern the energy sector, some of which were written before the war.

**Moscow’s Shifting Self-Perception**

This shift in Moscow’s approach to energy security can be seen from two of the most important documents that govern the country’s energy sector: its Energy Strategy (ES) and its National Security Strategy (NSS).

Russia’s previous NSSs had only briefly mentioned energy in an environmental context, but in the 2021 strategy, the most recent, it is noted as something that permeates all aspects of security and Russian life: ensuring heating, as something to be protected alongside the defence industries and nuclear power plants, and as a major factor in Russia’s economic security. The increasing securitisation of energy means that Russia views external attempts at reform, as well as geopolitical competition over important energy markets, as a threat to Russia’s sovereignty, and will respond with what it views as appropriate force.

Russia’s current ES (ES-35) was approved in 2020 by Prime Minister Mikhail Mishustin and runs up to 2035. Irrespective of its sparse mention in the NSS, Moscow has long viewed energy as a part of its national security, given the significant contribution of hydrocarbons to the federal budget, and the ES-35 makes it clear that any restriction on Russia’s production and sale of oil, gas and

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coal would be considered a security threat. The ES-35 is a strategy for safeguarding the oil and gas industry, and there is little attempt to diversify away from reliance on fossil fuels. Extraction and exports are priorities – the strategy aims to launch five major oil projects in the Arctic and 21 projects to extract raw materials such as gold and coal, alongside a significant increase in resource production from liquefied natural gas (LNG), which Russia aims to increase from 8.6 million tonnes in 2018 to 91 million tonnes by 2035. The boost to LNG production will necessitate an increase in infrastructure to support it, which the ES-35 outlines for the Russian Arctic and Far Eastern regions; these plans are supported and governed by other strategic documents.

There have been three key developments since the war began that have demonstrated most clearly Russia's changing view of itself and its place in the world as an energy producer and supplier. First, in August 2022, Prime Minister Mishustin approved an updated plan for the development of the Northern Sea Route (NSR), a trade route that runs across the top of the Russian Arctic. Among other measures, the plans include construction of three new terminals to process LNG, oil and coal, as well as updating existing port infrastructure in the Far East to accommodate an increase in capacity. With plans to construct new ice-class vessels capable of traversing the NSR, not only is Russia preparing to increase the production and export of raw materials, but it is also attempting to better link up its land and maritime infrastructure, and is using this physical infrastructure to assert its dominance over the maritime domain.

But as ever with many of Russia's so-called 'mega-projects', there are few feasibility studies available to determine whether investing in these often-politicised projects will ultimately add value to the Russian economy, or even whether ports will be able to accept sufficient planned increases in traffic to make investments worthwhile. Indeed, following a South Korean feasibility study on expanding Russia's small Far Eastern Slavyanka port in 2018, ultimately the project never came to pass and, since the war began, many foreign investment projects have

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33. Ibid.
been halted. Other considerations relating to major projects like these, such as environmental impacts or the effect on local Indigenous populations, are rarely taken into account.

Second, as part of the development of the NSR, Russia is pursuing important infrastructure projects with allies such as Iran to resurrect the North–South Corridor. This is a railway development project linking Russia to the Indian Ocean via Iran that has been repeatedly shelved over the past two decades, but which has gained new impetus since the war. Plans include linking up ports along the NSR with land and sea routes south of Russia across the Caspian Sea to northern parts of Iran, a grandiose project of a kind that, as the history of Soviet-style planning has evidenced, rarely delivers on its objectives. While it is still incomplete and there are numerous political and infrastructure obstacles to overcome, the North–South Corridor is nevertheless part of Russia’s longer-term plan to export goods, including its oil, through these new land and sea networks. There is substantive investment in it already: as of 2022, Russia had committed $13 billion to different projects as part of the scheme. The North–South Corridor links up roads, rail and maritime infrastructure across multiple countries, and is an attempt by Moscow to deliver on some of the practical elements of its planned foreign policy, bringing countries such as India and Iran more closely into Russia’s economic network.

A third key aspect of Russia’s reimagining of the globe that has been accelerated since the war began can be seen in its Arctic strategy up to 2035, and in Moscow’s changing perception of the NSR. Unlike its predecessors, the current strategy has identified specific development zones – which will receive greater Kremlin attention and financing – that are either rich in mineral resources such as hydrocarbons, or have access to the sea. This highlights Russia’s dual priorities of resource extraction and export in the Arctic, and is a further example of its strategic linkages between the land and maritime domains. Amid a downturn in relations with the West, over the past few years, there has been a noticeable shift in perceptions of the NSR within Russia, from viewing it as a potential international route capable of linking up Europe and Asia to instead seeing it as a useful route specifically for Russian companies to deliver energy resources.

to their own global markets. This refocusing on ensuring Russia’s dominance of sea routes is likely a precursor to further attempts to exert control over the maritime domain, with likely a concomitant increase in Russia’s projection of sovereignty over parts of the NSR that are considered international waters.

How United is Russia’s Energy Decision-Making?

Russia’s ability to use its position as a major oil and gas supplier on the international stage in exchange for influence, political concessions or access to other resources, or to project its regime survival, is often viewed – both by Moscow and the West – as its most effective foreign policy asset. But while Russia’s energy diplomacy tends to be viewed as a political tool it can wield at will, Russia’s energy strategy is dominated by often-competing approaches, which means that it has occasionally been forced into cooperation with foreign partners to ensure that it retains its position as global producer. As its energy relationship with the West declines, Russia will likely be obliged to cooperate with partners in the Indo-Pacific region, which does not necessarily put it in a position of strength.

There are multiple competing interests within Russia’s energy sector, with conflicts between the country’s official strategies and the vested interests of individuals and their coteries who are driving these industries forward, and this makes Russia’s energy approach inherently flawed.

Russia’s energy market is dominated by Gazprom (headed by Alexei Miller) and Rosneft (under Igor Sechin), two major oil and gas producers that are in turn technically overseen by the Kremlin. These industries are subject to a series of vested interests that include personal financial concerns, political demands and corrupt practices, all of which make it challenging to determine Russia’s true energy ‘strategy’. Gazprom is also a sprawling and influential conglomerate that includes financing (through Gazprombank), oil (Gazprom Neft is Russia’s fourth-largest oil company) and the media (Gazprom-Media owns several

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42. Ibid.
television channels). These companies employ a relatively large segment of Russian society, with just under half a million people as of 2019.\textsuperscript{46}

Companies like Gazprom and Rosneft are under state control, but operationally, they both function without significant government interference, as long as this does not directly contradict stated Kremlin foreign or domestic policy goals. Rosneft and Gazprom have also successfully resisted some directives from the Kremlin – government plans in 2013 to try to privatise the oil and gas industry were met with strong pushback from Gazprom, Rosneft and others, such as major bank Sberbank, until they were eventually halted.\textsuperscript{47} That said, there is also an important degree of self-censorship within Gazprom and Rosneft, which still tend to act within the Kremlin's agenda without being compelled to do so.\textsuperscript{48}

Despite its relative operational autonomy, in a strategic sense, Gazprom has for years been at the heart of many of Russia's foreign policy strategies, especially in Europe, where dependency on Russian gas was of political significance, via the (now defunct) Nord Stream pipelines.\textsuperscript{49} But while Gazprom's monopoly has been relatively unchallenged in Europe, this is not so in Russia's dealings with Asia. There, Gazprom's greatest rival is the privately owned Novatek, which is absorbing significant amounts of market share amid Russia's energy reorientation to China, through the Yamal LNG project. Novatek and Rosneft were permitted by the Russian government to participate in LNG exports in 2013, with the view that Gazprom's monopoly was holding Russia back from becoming a major player in the gas sector.\textsuperscript{50}

New trade deals with China such as the Power of Siberia 2 pipeline, discussed amid much fanfare between Putin and President Xi Jinping in March 2023 (but as yet unsigned), give Gazprom a nascent role in Asia, although construction of that pipeline would not begin until 2024 at the earliest, and would not come online until 2029, even if it were to run to schedule.\textsuperscript{51} Since 2014, Rosneft has also

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\item \textsuperscript{47} Baev, ‘Rosneft, Gazprom and the Government’, p. 8.
\end{itemize}
sought to challenge Gazprom’s monopoly and gain access to the Power of Siberia pipeline, and has been inching into the gas market over the past decade by acquiring the rights to develop its own gas deposits in Russia.\(^\text{52}\) In 2023, Putin appeared to have agreed to Rosneft’s demand, maintaining that its gas reserves from its fields in Krasnoyarsk and Irkutsk could be used to supply the Power of Siberia 2 pipeline, and instructing Deputy Prime Minister Alexander Novak to act as arbiter between Gazprom and Rosneft as they worked out the details.\(^\text{53}\) As Europe moves away from its reliance on Russian energy, Gazprom may well be forced into ever-greater direct competition with other companies such as Novatek and Rosneft for market share.

Competition between Sechin and Miller – with Putin acting as the ultimate arbiter – makes it a challenge for Russia’s energy industry to make long-term plans, with political interference and self-interest often trumping financial expenditure. Occasionally, their arguments spill over into the public domain, such as over which company contributes more taxes to the federal budget.\(^\text{54}\) Rivalry between Gazprom and Rosneft can be occasionally disruptive and can stymie progress on major projects. The two companies were embroiled in widely publicised litigation proceedings against each other in 2015–16, over Rosneft’s attempts to gain access to the Sakhalin-2 oil and gas project in the Far East, an appeal which Gazprom ultimately lost in the Supreme Court.\(^\text{55}\) However, competition like this tends to be more about defending turf than about actual views on Russia’s foreign policy or national interests, which are still inherently decided at the Kremlin level.

Given these features of Putin’s decision-making process, Russia’s energy policy approach has never been particularly coherent, and there have always been groups that prioritise how much money can be extracted from Russia’s natural resources, juxtaposed with internal critics of Russia’s sprawling infrastructure projects – such as expensive symbolic bridges – whose economic returns are negligible and which tend to serve political goals.\(^\text{56}\) While important foreign policy decisions remain the purview of the Kremlin, infighting within the oil and gas industry has repercussions for Russia’s efficiency and ability to project

\(^\text{52}\) Vladimir Soldatkin and Denis Pinchuk, ‘Rosneft Challenges Gazprom Monopoly to Export Russian Pipeline Gas’, \textit{Reuters}, 7 March 2014.


\(^\text{56}\) Baev, ‘Rosneft, Gazprom and the Government’. 
its image as an extractives ‘superpower’ abroad. This is a longstanding issue that was a challenge for the Kremlin prior to the war, but as competition over new markets in the Indo-Pacific region grows, internal competition between Russia's energy companies is also likely to increase.

57. Ibid.
II. Russia’s Involvement in OPEC+

Russia tends to use international platforms either as a means to further its own national interests or to ensure that it has a stake in the conversation, rather than in pursuit of a common cause. Since its invasion of Ukraine, Russia's ability to interact with other, particularly Western, states in multinational forums has been increasingly restricted, and an international arrest warrant for Putin has posed another logistical challenge to face-to-face engagement. Russia's behaviour in the OPEC+ grouping, which is designed to influence global oil pricing, is still in service of its national interests, but must be carefully balanced with its desire to maintain a strong bilateral relationship with Saudi Arabia – the two countries in combination sell 20% of oil used globally.  

Russia and Saudi Arabia's energy policies – and by extension their foreign policies – are often conflated due to their shared leadership of the OPEC+ grouping. Yet the Russian–Saudi partnership is more of a marriage of convenience than an expression of a wider strategic alignment. The basis of the relationship is that both countries support the stabilisation of oil prices while simultaneously ensuring high export revenues.

In this vein, OPEC+ was formed in 2016 in response to the disruption of the global oil market caused by the US shale revolution. By increasing the number of countries coordinating their production levels, the cartel was able to influence the supply side of the market and stabilise international oil prices – but the potential brittleness of the alliance was demonstrated in the price war between Moscow and Riyadh in March and April 2020. As the global economy shut down with the onset of the Covid-19 pandemic in 2020, leading oil prices to fall, Russia refused to go along with Saudi-proposed production cuts, seeing an opportunity to deal a blow to the US shale industry. Saudi Arabia, though also not necessarily opposed to hurting shale producers, ramped up production in order to deliberately push down prices even further and thereby forced Moscow to relent.

Officially, OPEC+ coordination has been less contentious since February 2022. Russia has some leverage over Iran (an OPEC member), which Saudi Arabia lacks, and Saudi Arabia’s insistence on continuing to work with Russia in the grouping despite protestations from the US and elsewhere can be seen as an indication of how much more importance Riyadh apportions to its ability to influence the oil market (especially at a time of heightened volatility) than to maintaining a harmonious rapport with Washington. Moscow also recognises that collaboration with Riyadh will be critical to ensure supply management, even as it continues to delay production cuts.62

Russia’s relationship with Saudi Arabia has become more of a pressing issue since the onset of the Ukraine war. Riyadh has chosen not to align itself with the Western consensus on the war and has not introduced sanctions on Russia, nor condemned the war.63 The announcement at the August 2023 BRICS summit that Saudi Arabia would be joining the grouping – with some caveats – could boost the economic potential of the bloc and offer a further channel to deepen bilateral ties, including offering new sources of sanctions evasion for Russia.64 There is also nascent bilateral cooperation over joint investment funds to support Russian agriculture and oil production equipment, and few high-profile projects have been announced, although the Saudi side has been much less vocal about its willingness to invest within Russia.65

Russia’s invasion of Ukraine has altered its position on the OPEC grouping somewhat. In search of clients and new export markets for its oil, Russia has been prepared to accept lower prices to sell its oil and maintain production, offering cut-price deals to its allies China and India in a bid to drum up funds for the war. There are also frictions over Russia’s secrecy around its figures – it does not disclose how many barrels of oil it exports, and Saudi Arabia is suspicious that Russia has continued to export significant volumes, undercutting former price agreements.66

For now, Saudi Arabia has not criticised Russia’s decisions to sell at a discount or publicly spoken out against its data secrecy, given the two countries’ common

66. Kraus and Kurmanaev, ‘Russia and Saudi Arabia’s Oil Partnership Shows Strain’. 
interest in maintaining oil prices at a level that can shore up their state budgets. Russia also has significant reason to keep the Kingdom on side – major Saudi companies invested more than $500 million in Gazprom, Rosneft and major oil producer Lukoil just after the war began and Western sanctions were introduced.\textsuperscript{67} Since the onset of the war, however, Russia has been on the back foot; it has few major international players it can call on as partners, and the relationship with Riyadh, which may start to demand more of Russia, is an important one.

\begin{footnotesize}
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  \item \textsuperscript{67} Nayera Abdallah and Hadeel Al Sayegh, ‘Saudi Prince Made $500 Million Russia Bet at Start of Ukraine War’, \textit{Reuters}, 15 August 2022.
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III. Russia’s Environmental Paradox

One of Russia’s many strategic paradoxes is that it is a country highly affected by climate change, but banks on its status as a producer of commodities to retain its international position. This inconsistency informs its strategic policymaking on the environment, and its behaviour in international forums around climate change.

The Kremlin has never been particularly concerned by environmental security, and many of its actions have been reactive to environmental disasters that occur on its territory, rather than preventative. The ES-35 specifically frames international climate change policies as a hindrance to Russia’s own energy security development, even if it simultaneously acknowledges the theoretical importance of reducing carbon emissions. Similar inconsistencies can be found in Russia’s Arctic strategy, which notes the security threat of warming seas such as flooding in coastal areas and the melting of permafrost, but still pushes high production of fossil fuels and the mining of extractives. Globally, Russia is the fourth-largest greenhouse gas emitter, after China, the US and India, and is responsible for 7% of the world’s CO₂ emissions. Nevertheless, Putin has been derisive about Europe’s green energy approach, maintaining that the energy crisis in Europe is in fact due to Europe’s investment in wind farms that cannot make up for a reduction in fossil fuels.

In international forums, Russia often objects to proposals to improve global environmental security. While this can appear bullish and self-interested, it is also partly due to different understandings of security: Russia’s longstanding concept of environmental security prioritises the security of the nation as the key concern, rather than the security implications that can stem from environmental problems, and includes a collective historical view that the natural

72. Ibid.
The environment holds no intrinsic value in its own right.\textsuperscript{73} Climate change is seen as something that affects Russia's national security (including defence), but it is framed in strategic documents as a threat to Russia's economic development that calls for practical solutions, rather than any adjustment to the extractive industries. Russia also tends to approach issues such as warming Arctic seas not as a crisis but as an economic opportunity that will improve access to new shipping lanes and offer a boost to the Russian export industry.\textsuperscript{74} Some Russian academics have disputed this prevailing analysis, maintaining that the impact of climate change in the country will probably not be a net positive overall, but their views are unlikely to be influential in altering the Kremlin's longstanding policies.\textsuperscript{75}

Russia has tried to separate environmental security into two issues: the first is the economic damage to the country caused by climate change that Russia aims to mitigate, chiefly through technological interventions or improved investment,\textsuperscript{76} while the second is what Russia perceives as a Western-led agenda, under the guise of environmental activism, to undermine Russian institutions. Russia has suggested at the UN Security Council that environmental security issues are a ruse for external military interventions in countries rich in natural resources (perhaps referring to the African continent) and has framed this as a threat to Russia's interests in the extractive industries.\textsuperscript{77} Ultimately, Russia views most international attempts to warn against the dangers of climate change and fossil fuel reliance as a further threat to Russian sovereignty.

Within Russia, important figures traditionally from the defence or security services have increasingly been appointed to lead on environmental issues.\textsuperscript{78} In 2016, Sergei Ivanov, a former minister of defence (2001–07) and KGB officer in the Foreign Intelligence Service, was appointed the president's special representative on the environment and transport. Ivanov oversees environmental protection, as well as the development of the Far Eastern regions and streamlining infrastructure to support businesses; he is also an important member of Russia's


\textsuperscript{75} Ilya Stepanov et al., ‘Climate Change and Challenges to Sustainable Development in the Russian Arctic’, Climate Change (Vol. 176, No. 39, 2023).

\textsuperscript{76} Ibid.


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powerful Security Council and a longstanding Putin ally. While his precise role is unclear, his positioning indicates the crossover in the Kremlin’s mindset between the environment and national security.

In terms of its foreign policy, Moscow’s securitisation of the environment means that it is rarely cooperative on internationally led climate change issues. On the UN Security Council, Russia pays lip service to climate action but favours the status quo, tending to use the platform to ensure that it has a place at the table and to promote its economic (extractives) interests, rather than with a view to safeguarding the environment. In principle, Russia is a signatory to UN-led efforts to reduce greenhouse gas emissions, but the Kremlin does not publish figures about its oil and gas production rates and only offers broad public statements about production cuts, which makes it a challenge to determine how compliant (or not) it may be. It has also been criticised internationally for its gutting of environmental policies that would have otherwise worked to reduce greenhouse gas emissions, by refusing to introduce quotas or penalties on greenhouse gas emitters.

This approach is unlikely to change, largely due to the presence of powerful business lobbying groups who work on behalf of the oil and gas industry, such as the Russian Union of Industrialists and Entrepreneurs (Rossiskiy soyuz promyshlennikov i predprinimateley, RSPP), whose coordination council is co-chaired by Putin’s youngest daughter, giving the RSPP a direct line to the Kremlin. The RSPP extensively lobbies against any proposed bills that could reduce the oil and gas industry’s ability to extract resources in environmentally protected areas, and it is rarely opposed by the Kremlin.

Perhaps most concerningly, since the onset of the war, many environmental links between Russia and the West have been severed, and there is little international oversight of major drilling projects in Russia and the permanent impact that these could have on protected environments, especially in more isolated parts of the Russian Arctic. Legislation within Russia that restricts ecological activism has also tightened since the war, reflective of a broader repressive legal environment targeting institutions with a perceived Western-

79. Ibid.
80. Ibid.
led agenda. For example, in March 2023, the Worldwide Fund for Nature was branded as a ‘foreign agent’ – this inclusion on the foreign agents list by Russia’s Federal Security Service comes with an implication of espionage and suggests that the organisation receives funding from murky sources abroad, seeking to undermine Russia. Many organisations on the list have ceased to function under pressure from the security services, and as a result there is a risk that there will be even less external oversight of resource extraction.

Russia’s understanding of threats to the environment has close links to its understanding of threats to its hydrocarbons industry, as well as to the personal interests of the ruling elites (including Putin) and the central role that energy resources play in Russia’s international policies, all of which are bound up with ideas of Russian sovereignty. Any attempts by the international community to further an agenda that restricts Russia’s continued extraction of hydrocarbons, its export of them to new and existing markets, and the construction of infrastructure on land and at sea to support this, are framed as part of a security threat to which Moscow will respond harshly.

Conclusion: Where Moscow’s Red Lines are

Given Russia’s ability to have an impact on global oil and gas prices, the UK and its European allies will need to try to understand, react to and – where possible – influence the way in which Russia approaches its role in energy markets and in international forums. Even if the UK were to entirely decouple from Russian oil, the complex and global nature of international energy markets means that Russia’s behaviour as a hydrocarbon superpower still has the ability to substantially alter the UK’s energy security. Although diplomatic relations with countries such as Russia may have been all but severed, Russia’s actions matter, whether through decisions on oil production, its global positioning and attempts to reconfigure the world order, or its divergent understandings of what energy and environmental security mean.

Russia’s approach since the onset of the Ukraine war has been to expand its foreign policy partnerships with allies such as China, India and Iran; to invest in the land and maritime infrastructure to support its political goals as well as its extractive efforts; and to seek alternative clients for its oil and gas, while maintaining high production. While its energy strategy may be at times incoherent and pulled in multiple directions due to the many vested interests involved, there is a clear sense of some of Moscow’s red lines when it comes to its understanding of energy security and its intent to maintain the extraction and export of hydrocarbons to fuel its economy. Just as debates around oil price caps and moves to reduce carbon emissions are seen as an unwelcome Western intervention, similarly, attempts by the international community to involve Russia in the climate change debate are viewed by Moscow as another security threat to Russia’s sovereignty, and an attempt to impose Western values on a country now forging its own path eastwards.

Moreover, Russia and Saudi Arabia – and other oil producers – regard Western enthusiasm to impose energy-related sanctions on Russia, particularly the price cap, as a dangerous precedent for political intervention in the oil market. Putin himself has been vocal about the limitations of the cap, maintaining that there is a risk of mission creep (i.e., that oil price caps could be extended to other sectors of the Russian economy, and indeed to any other country in the world), and has framed this as another attempt by the West to undermine the Russian
economy and its ‘values’. This is a further indication of how Moscow continues to view what other countries frame as economic and pragmatic decisions as a direct attack on Russian sovereignty, and it means that Moscow’s responses to these proposals are likely to appear disproportionate or couched in national security terms.

Ultimately, Russia is pursuing a fundamentally revisionist international project to reconfigure the global order on its own terms, and it is willing to deploy the political capital and revenues derived from its hydrocarbon might to further this project. For there to be any united action around climate change, the UK and Europe must pay closer attention to the foreign and security policies of major hydrocarbon producers like Russia, in order to understand the roots of some of the international implications resulting from their actions.

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