

The Russian Federation's Nuclear Geopolitics and Business Strategy

Habilitation Thesis

Abstract

Over the past decade, relations between the West and the Russian Federation, as a prime energy supplier, have suffered substantially, and energy-related disputes have contributed markedly to the problem. Memories have resurfaced of the notorious use of energy as a foreign policy weapon, in the process catalysing serious global economic slumps—in past years, Russia has been accused of misusing its premier energy position to gain political leverage over the countries that depend upon it.

An oversimplified picture is often presented in which nuclear energy is merged into a general discussion of the impact of Russia's foreign policy on the energy sector as a whole. This is problematic from at least two perspectives. First, in keeping with what has been stated above, the nuclear sector is unique, and market entities behave in a manner distinct from those active in the natural gas and crude oil markets, where Russia has traditionally wielded geopolitical influence. Lumping everything together is not helpful in understanding Russia's foreign (energy) policy and strategy. At the same time, it would be a mistake to omit nuclear energy from the discussion on the basis of its relative independence and immunity to political misuse. A nuclear power plant is, after all, the 'project of a century'.

This thesis is a collection of previously published scholarly works with commentary. The chosen papers are those that reflect the author's primary research interest - presented are six related papers that trace the course of the author's research into nuclear energy, the geopolitics of nuclear energy, and Rosatom.

The focus of Russia's nuclear operations is Rosatom State Nuclear Energy Corporation (hereinafter Rosatom), which was created in 2008. Today, Rosatom comprises more than 360 enterprises, including scientific research organizations, the nuclear weapons complex, and the world's only nuclear icebreaker fleet. Because over the past decade it has enjoyed the greatest success of any nuclear corporation, Rosatom is an especially apt object of research. Its business methods, policies, and operations make it a vital focus in the geopolitics of nuclear energy today. The company adopted an assertive external business strategy in 2011 and has sought since that time to present itself as a transparent, reliable partner.

Likely the most important paper in the list is a multi-authored monograph stemming out of a two years research. During the period dozens of field interviews were conducted in the majority of the countries under scrutiny to supplement the research with unique insight data. The book was conceived as an investigation into the operations and behavioural characteristics of two Russian state-owned enterprises, Gazprom and Rosatom, with the object of providing an in-depth analysis of Russia's presence in the gas and nuclear sectors of Central and Eastern Europe (CEE). The research was undertaken as a series of case studies, each dedicated to one of the states under scrutiny, utilizing the principles of individual (or intrinsic) case studies. Content analysis was employed to assess the data.

The study produced a number of findings and outcomes, but narrowed down to a couple of key points related to Rosatom's behaviour and its strategy in CEE and beyond, the crucial elements are the exploitation of path dependence and the use of a custom-tailored business strategy. Technology as

complex as that used in nuclear power plants requires the creation of downstream industries, a training and education system, and training facilities tied to selected technology and infrastructure. This, together with the experience obtained in construction, commissioning, and operation, forms a strong prerequisite for future public tender decisions. In a nutshell, the existence of a particular type of nuclear power plant is a factor that bears significantly on a country's decision as to whether to build new NPPs of that same type. The Russian Federation therefore enjoys a superior starting business position in CEE nuclear sectors for structural and historical reasons. This represents a true long-term business strategy. Rosatom aims to create path dependence in the newcomer countries, thereby exploiting its better starting business position in these countries, even decades into the future as they decide on the expansion of their nuclear portfolios.

