Master's Thesis of International Relations

Energy Strategy of Russian Federation:

Circumstances of Energy Strategy Draft 2035 Abandonment

August 2021

Graduate School of Social Sciences
Seoul National University
International Relations Major

Khaustova Sofia

Energy Strategy of Russian Federation:

Circumstances of Energy Strategy Draft 2035 Abandonment

Examiner: Beom Shik Shin

Submitting a master's thesis of International Relations

May 2021

Graduate School of Social Sciences
Seoul National University
International Relations Major

Khaustova Sofia

Confirming the master's thesis written by
Khaustova Sofia
August 2021

Chair	Jong Hee Park
Vice Chair	Hailie Na Kyung Lee
Examiner	Beom Shik Shin

Abstract

This paper is devoted to the study of the reasons for the rejection of the first draft of the Energy Strategy of the Russian Federation until 2035. The key question of the work is "why the government decided to abandon the document." The Energy Strategy is a document that the government adopts every five years and indicates the main goals, objectives, and problems in the development of the industry. It is one of the key documents based on which the energy policy of Russia is made.

The second chapter compares two drafts of the document and concludes that the first draft focuses on Russia's dominance in the global energy market, especially as a leader of hydrocarbon export. While the second draft clearly indicates that the energy complex should remain the leading link in the Russian economy and not be influenced by relations with other countries.

Chapter three traces the events that influenced the decision of policy makers to shift the energy policy and abandon the draft. Thus, this research concludes, that since 2014 and up till 2018, the meaning of energy security has changed for Russian policymakers. Not only the economic side began to prevail over security, but also the domestic side became more important than the international. Having looked at the changes in the main positions in the document, it becomes clear how the development strategy of the energy complex has changed: from positioning oneself as a leader in the export of hydrocarbons, to realizing the need for greater independence from external supplies and further development of regional infrastructure.

Keyword : Energy politics, Russian politics, Energy Strategy 2035, Russian foreign and security policy, regional development

Student Number : 2016-28922

Table of Contents

Chapter 1. Introduction

1.1 Background

Energy is the core concern of the Russian government. It is one of the largest sectors of the economy. The export of such resources as oil and natural gas is vital for Russian economy and the government has used these resources for its political interests.

Russia occupies a unique place in the global energy market: it is one of the main suppliers of hydrocarbon fuels, as well as one of the leaders in energy consumption. The state of the fuel and energy complex and its resource base affects not only decision-making in international politics[1] but is also an important factor in the socio-economic development[2]. In this

---

[1] More on the influence of natural recourses on Russian foreign policy strategy can be seen at Rutland P. (2008). Russia as an energy superpower. *New Political Economy 13(2),* pp. 203-210. Ocelik P., Osička, J. (2014). The framing of unconventional natural gas resources in the foreign energy policy discourse of the Russian Federation. *Energy Policy 72,* pp. 97-109. Orttung R.W., Overland I. (2011). A limited toolbox: Explaining the constraints on Russia's foreign energy policy. *Journal of Eurasian Studies 2(1),* pp. 74-85. Wilson J.D. (2015). Resource powers? Minerals, energy and the rise of the BRICS. *Third World Quarterly 36(2)*, pp. 223-239. Bouwmeester M.C., Oosterhaven, J. (2017). Economic impacts of natural gas flow disruptions between Russia and the EU. *Energy Policy 106,* pp. 288-297.

[2] On national resources contribute to Russian economic and social development refer to Didenko, N., Skripnuk, D. 2014. *The impact of energy resources on social development of Russia. In: Brebbia, C.A., Magaril, E.R., Hodorovsky, M.Y., editors.*

context, it is especially important to consider the Russian energy policy since it has a significant impact on world markets and the welfare of citizens within the country.

One of the key documents based on which the energy policy of Russia is built is called Energy Strategy.

A strategy is a planning document that sets out government policy in addressing a large-scale social problem. It is designed for the next few de cades, indicating the ultimate goals, intermediate objectives, and priority a reas of state policy, as well as the mechanisms for its implementation. Th e document also sets the designation of criteria, indicators, and it assesse s the results achieved.

The government in each area has a number of official documents: se curity, economic development, energy, etc. When government releases off icial documents, then political actors follow the goals and methods specifie d in the document. The bureaucratic system tries to implement all aspects itemized in it and achieve maximum results.

In other words, Energy Strategy is a document that represents the

---

Energy Production and Management in the 21st Century: The Quest for Sustainable Energy. Southampton, Boston: WIT Press. Mau, V., Ulyukaev, A. 2015. «Global crisis and challenges for Russian economic development.» *Russian Journal of Economics,* Vol. 1(1), 4-29. Sasana, H., Ghozali, I. 2017. «The impact of fossil and renewable energy consumption on the economic growth in Brazil, Russia, India, China and South Africa.» *International Journal of Energy Economics and Policy*, Vol. 7(3), 194-200. Simola, H., Solanko, L. 2017. «Overview of Russia's oil and gas sector.» *BOFIT Policy Brief*, Vol. 5, 1-32.

system of priorities and mechanisms for implementing new energy policy[3]. Referring to the history of the document, the paper first strategy appeared in 1995. It pointed out the trends in the global energy market. The growth in oil and gas consumption and, as a result, the intensification of international trade in energy resources contributed to the formation of the energy policy of Russia's foreign strategy. The creation and strengthening of the foundations of the energy policy of Russia during the transition period led to the enhancement of the energy factor in international politics and the increasing of its importance in shaping Russia's foreign policy[4].

As a document outlining the priorities and tasks of the country's leading economic sector, the strategy reflects changes in Russia's foreign policy. Moreover, not only it demonstrates the features of the political development of the country but also faces the main economic challenges. Each

---

[3] Lakhno P.G. (2010). Legal foundations of the state energy policy of Russia, the European Union, the Shanghai Cooperation Organization, member states of the Euro-Asian Economic Community. *Business, management and law. Scientific and Practical Economics and Law Journal 1.* (Лахно П.Г. Правовые основы государственной энергетической политики России, Европей ского Союза, Шанхай ской организации сотрудничества, государств-членов Европей ско-Азиатского экономического сообщества // Бизнес, менеджмент и право. Научно-практический экономико-правовой журнал, 2010. – № 1)

[4] Bushuev V.V. (2016). Russian Energy: A Post-Strategic Look at 50 Years Ahead. *Energy*, pp.17. (Бушуев В.В. Энергетика России: постстратегический взгляд на 50 лет вперед. М.: ИАЦ .Энергия., 2016, с.17)

new strategy differs from the previous ones in its goals and objectives. Strategies also analyze specific development priorities for each energy industry. Significant feature of previous strategies is that they were implem ented on time, not always fully, but government officials followed the goal s and the time frames. However, in last six years, the country simply coul d not provide the necessary amendments to the document and chose to wa it.

1.2 Research Question

The latest versions of Energy Strategy examine the tasks and give approximate figures for the development of the industry until 2035. The energy strategy is updated every five years and guides the development of the Russian energy industry at the time of creation. Thus, ES-2030 was prepared in 2008 as a response to the current crisis and reflected the main needs of the state, its goals, and objectives in the field of energy.

Reflections on the next ES-2035 began in 2013, and a year later the strategy was published for public deliberation. All that year and the next, the document was actively discussed in academic and political circles, but no attempts were made to finally approve it. For five years ES-2035 existed as a draft until a new document was announced in 2019. Preparations for the creation of the second ES-2035 began in 2018, and at the end of 2019, the draft was released. The document was not only rewritten a few points, but it was completely changed. The discussion on the new strategy was short compared to the previous version and in the summer of 2020, the new ES-2035 was approved and adopted by the main strategy for the

development of energy.

This paper aims to show why the acceptance of the first draft was delayed and which factors influenced the abandonment of the document. The main research question is why the first draft was abandoned. Through this paper the events influenced abandoning the draft will be shown. The paper highlights changes between security and economic perception of energy politics within Russian policymakers circles.

To answer the main question this paper provides two main arguments. The first one is that the from 2014 up till 2018 the meaning of energy security was constantly changing. While observing the major events happened during this period, it becomes clear that since 2014, in Russian energy policy circles the meaning of energy security has changed. Not only the economic factors began to prevail over security, but also the domestic side became more important than the international.

Here comes the second argument that concludes: independence from external supplies and development of domestic regions became the top priority, whilst positioning oneself as a leader of hydrocarbon export lost its importance. More attention began to be paid directly to the development of the energy complex within the country. The government focuses on the opening of new sites, the development of competition, the innovation of the technological base. Attention is also paid to the development of regions where the infrastructure needs to be updated.

When comparing the two documents, it becomes clear that the differences between them are significant. The first draft focuses on Russia's dominance in the global energy market and especially as a leader of hydrocarbon export.

Draft ES-2035 places particular emphasis on the fact that Russia occupies a unique place, but this might change by the 30th, 40th. The strategy assumes that the Russian foreign energy policy is aimed at establishing the country's position as one of the leaders in the world energy market. And the main tasks converged on increasing the efficiency of participation in the global energy agenda and export support.

This part was missed in the second Strategy. The new strategy does not aim at Russia's dominance in the global energy markets. Subsequently, Russian foreign energy policy is not aimed at strengthening the country's position as one of the leaders in the world energy market. Here the emphasis is placed on import substitution, on the fact that the energy complex should remain independent from external sources.

Therefore, having looked at the changes in the main positions in the document, it becomes clear how the development strategy of the energy complex has changed: from positioning oneself as a leader in the export of hydrocarbons, to realizing the need for greater independence from external supplies. The second draft clearly indicates that the energy complex should remain the leading link in the Russian economy and not be influenced by relations with other countries.

Thus, this paper shows the reason why the transformation took place and, as a result, the strategy was abandoned. To identify reasons this paper will analyse the main events that occurred from 2014 to 2019. In most cases, strategic document acceptance follows the line of releasing the draft, public reviewing or closed discussion where the draft may undergo some changes and then goes official the acceptance of the paper. In the case of Energy Strategy 2035, the first draft was released in 2014 and the public discussion

took the end of that year and the beginning of 2015. Then there were three years of silence, and only in 2018, the government announced that the preparation of a completely new ES-2035 is about to start. Four years is quite a long time for one of the most important strategic documents to be delayed.

This work will investigate what changed the mind of policymakers. It also raises a concern about what took the government so long to come up with the draft for the strategically important sphere, why the delay happened, what the environmental changes were, and what the perception changes happened within policymakers.

1.3 Literature Review

The views on why the acceptance of the strategy was delayed can be divided into three broad groups. The adherents of the first group believe that realizing the document has been delayed due to domestic politics and economic factors. Such factors include the insufficient development of the regions, the lack of infrastructure that would allow achieving the indicators specified in the strategy. Corporate culture and individual personalities also play a role in the country's energy agenda, but not as significant. Researchers of these groups assume that domestic structural changes influence the course of energy politics[5].

---

[5]Mitrova T., Melnikov Y. (2019). Energy transition in Russia. *Energy Transitions 3*, pp. 73-80;

Mitrova T., Yermakov V. (2019). Russia's Energy Strategy-2035: Struggling to Remain Relevant., *Paris: IFRI Russia/NIS Center 14*;

In my opinion, this position does not cover all the factors that influenced the decision to postpone the adoption of the strategy. Undoubtedly, the technological aspect of the process or the willingness of the regions to increase the production and supply of hydrocarbon fuel affects the course of Russia's energy policy, but not completely.

The second group believes that the decisive factor that influenced the protracted adoption of the document was the international market changes. Since 2014, the global energy market has undergone dramatic changes: here is the shale revolution, the lifting of the US oil export ban, and the sanctions imposed on Russia by other states. This position emphasizes that the adoption of the document took place at a difficult time, and the forecast indicators may become untenable. It is necessary to provide for the

---

Shadrina, E. (2010). Russia's foreign energy policy: Norms, ideas and driving dynamics. *PEI Electronic Publications*. Turku: Turku School of Economics, Pan European Institute;

Kuznetsova N., Kuznetsova E. (2015). Energy strategy of the Russian Federation. *Mediterranean Journal of Social Sciences, 6(5);*

Meeting on the draft Energy Strategy of Russia for the period until 2035. [Website] (2020, October 16). Retrieved from http://government.ru/news/17269/;

The results of the Cabinet of Ministers meeting on April 11, 2019. [Website] (2020, October 16). Retrieved from https://tass.ru/ekonomika/6327050;

Theses of Minister of Energy Novak A.V. Speech "Priorities of the Russian energy policy" at Brookings, USA, December 6, 2013 and Draft Energy Strategy of the Russian Federation to 2035. [Website] (2020, October 16). Retrieved from http: //minenergo.gov.ru/documents/razrabotka/17481

possibility of adjusting the indicators, for example, in 2017-2018[6].

Fluctuations in international markets fully explain the positions of the second ES-2035, which was adopted this summer. Its main provisions regarding the development of competition in the domestic market, emphasis on diversification of exports, and improving the operation of industries so that they become competitive around the world is nothing more than an attempt to adapt to the changing energy market. This is one of the most significant aspects affecting Russian energy policy now, but it alone is not enough to explain the delay in setting the progress course for the industry.

The third group sees the main factor as international security. Energy policy is one of the factors of national security. Due to its rich resource reserves and energy policy, Russian energy influence was formed: the idea that the pipelines laid in the European direction would also allow large amounts of oil and gas to be exported to the EU countries and would be

---

[6] Smith K. (2008). Russian Energy Policy and its Challenge to Western Policy Makers. Washington, D.C.: Senior Associate Center for Strategic and International Studies; Stulberg A. (2012). Strategic bargaining and pipeline politics: Confronting the credible commitment problem in Eurasian energy transit. *Review of International Political Economy 19(5);* Orttung R., Perovic J., Pleines H., Hans-Henning Schr.der H.-H. 2008. Russia's Energy Sector between Politics and Business. Bremen: Working Papers of the Research Centre for East European Studies; Rasoulinezhad E., Taghizadeh-Hesary F., Sung J., Panthamit N. (2020). Geopolitical Risk and Energy Transition in Russia: Evidence from ARDL Bounds Testing Method. *Sustainability 12(7);* Huotari J. (2011). Energy policy and (energy security) as a part of Russian foreign policy. *Nordia Geographical Publications 40(4).*

used as a political tool. This idea influenced policymakers in two ways: the first one is that it allowed subsidizing partners. The second one proposes that by selling hydrocarbons at the full market price it is possible to gain huge profits[7]. Thus, when drawing up a strategy, policymakers were greatly influenced not only by economic factors but also by political security benefits from cooperation.

This point of view also does not fully explain the reasons for the rejection of the document. Political gains are important, but the main goal of energy policy is to replenish the state budget, which is impossible without setting economic goals on a par with political ones.

These three positions are not enough to explain the rejection of one of the most important strategic documents and slow down the development of the industry for several years. It is necessary to look at the situation of

---

[7] Newhnham R. (2011) Oil, carrots, and sticks: Russia's energy resources as a foreign policy tool. *Journal of Eurasian Studies*, pp. 134–143; Baev P. (2008). Russian energy policy and military power. New York: Routledge; Bogoviz A., Ragulina Y., Lobova S., Alekseev A. (2018). Russia's Energy Security Doctrine: Addressing Emerging Challenges and Opportunities. *International Journal of Energy Economics and Policy 8(5)*; Didenko, N., Skripnuk, D. (2014). The impact of energy resources on social development of Russia. In: Brebbia, C.A., Magaril, E.R., Hodorovsky, M.Y., editors. Energy Production and Management in the 21st Century: The Quest for Sustainable Energy. Southampton, Boston: WIT Press; H.gselius P. (2013). Red Gas: Russia and the Origins of European Energy Dependence. New York: Palgrave Macmillan; Haas M. (2010). Russia's foreign security policy in the 21st century. New York: Routledge.

the last seven years in a comprehensive manner from the point of view of the events that took place during that period. There was a slow reorientation of the sector facing inward. The priorities now are not leadership in exports, but the search for new investments, development of deposits, updating the technological base and at the same time independence from the external situation.

1.4 Framework Analysis

To comprehend the reasons for relinquishing the strategy, it is necessary to look at what events happened between the release of the first ES-2035 and the second draft, which was eventually adopted.

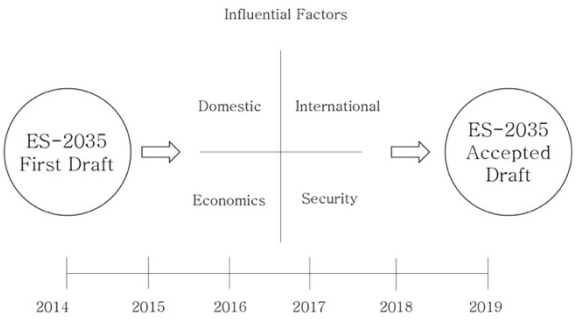


Figure 1. Factors that Influenced Abandonment of the Draft

As shown in Figure 1, in the five years (2014-2019) that elapsed from the first draft to the release of the new document, policymakers' thinking was influenced by the events that took place in those years. Each event has two characteristics that define it. The first characteristic determines the scale: this event was domestic politics or international. The second characteristic speaks of the quality of the event, that is, it is associated with

the economic sphere or the security sphere. Here this paper aims to show how different events influenced the decision to change the course of energy policy and rewrite the document. For these purposes, the paper follows these steps:

Firstly, it reviews the Differences between the two ES-2035s. It gives an opportunity to identify which points in the development of the energy complex turned out to be irrelevant and, as a result, they had to be replaced. These points above all demonstrate a change in the course of energy policy. They reveal inconsistencies between early ideas about how Russia's energy policy will develop and new goals in recent years.

Secondly, it determines the state of the development of the fuel and energy complex in a certain period of time. Before the release of the first strategy, the fuel and energy complex had many goals and objectives. A large-scale reform of the electrification of the entire country had just been completed, it was necessary to develop new fields and update the technical base. Everything that has already been used appeared in the 70s and 80s during the Soviet Union. And at the time of 2014, it was necessary to modernize everything that was worn out. Also, one of the main goals was the development of the Far East and the Arctic.

Thirdly, it provides the main arguments and their explanation. In order to explain the first argument that the Russian energy sector has changed its focus from international leadership to the development of domestic potential, it is necessary to analyse in detail and compare the two strategies. This paper will not only show how the goals and priorities have changed but will also demonstrate in the smallest detail the changes in the work of the directions of entire industries. For example, in the latest strategy, which

was adopted in 2020, the development of the nuclear and coal industries comes to the fore, which contradicts the provisions on improving the environmental situation, while the work on strengthening renewable energy sources, on the contrary, is minimized. The work reveals these details and reveals how, at the document level, a turn was made to strengthen internal development, rather than a leading position at the world level.

For the second argument, which claims that not only economic priorities have changed, but also the very concept of energy security, the events that contributed to this will be considered. The paper characterizes each event for 2014-2019 as either domestic/international or economic / security and place it on the chart. Besides, each event will be ranked in terms of importance: how much it influenced policymakers and the decision to cancel the draft. In the end, I'll review the position in the graph and come to the main conclusion that in the part of the graph where the most events are marked as 'important', those events influenced the decision to delay and cancel the draft.

Fourthly, this paper shows how all important events influenced the fuel and energy complex and where it led. From 2014 to 2019, events occurred that influenced the decision to reject the draft. For the first year and a half from 2014 to the end of 2015, the released strategy was discussed, and its shortcomings were pointed out. And in the circles of decision-makers or energy-related specialists, there has not yet been an open discourse that the document would have to be abandoned. Then, from 2016 to the end of 2017, postpone work on the strategy and only at the end of 2018 announced that work on the document has been resumed. Here I will go over the years and find out what specific events happened and influenced each

of the decision-making processes.

The Russian energy sector is one of the largest in the world and has a great impact on the energy balance, the state of the environment on a re gional and global scale, which underlines its promising importance for ens uring sustainable development of the entire world community. Being an im portant point of the national economy, the Russian energy sector has not y et fully overcome the internal contradictions of development; the solution of fundamental problems and the progress of the industry are largely relat ed to the conditions for the socio-economic improvement of the country. T he fact that nowadays there is a domination tendency of economic side of the document is a new discover.

The research finding suggests that goals and priorities of energy policy adopted by government policymakers' changes through the years of 2014-2019. Thus, this paper hypothesizes that in the period of the unstable energy market and internal economic crisis, government rethought the meaning of energy security - the policy shifts toward prioritizing economic goals over security ones and highlights the importance of domestic independence over international leadership.

1.5 Paper Structure

This paper consists of four main chapters. The first chapter - introduction reveals the main research issue of the paper, demonstrates research methods as well as the framework of analysis. Also, in the introduction, an analysis of the available literature is carried out and various positions on the issue are revealed. Here it is worth highlighting separately

the government's point of view on points in the strategy that should have been corrected, and the position of individual researchers who are not directly related to work in government institutions.

The second chapter is named "Two Energy Strategy 2035 Main Differences" and as the title says, its purpose is to show the significant difference between the two documents. The first ES-2035 was released in 2014, and it reflected the current problems and the state position on the energy sector of that time. The new strategy was prepared at the end of 2019 and approved in 2020. It speaks about the prospects for the development of the Russian energy sector starting from 2020. It was this year, according to her, that the stage of overcoming the crisis ended and a new stage of stabilization of the industry began. The first part of the chapter focuses on the history of strategy creation. Shown here are all the strategies that have been adopted in modern Russia and their main priorities.

The third chapter reflects the changes and trends in global energy policy that influenced the protracted process of discussing the first draft ES-2035 and the subsequent rejection. The chapter shows events from 2014, when the first draft came out, to 2019, when the second came. In addition to the crisis associated with the Crimean campaign, 2014 was marked by one of the largest energy reforms in the history of modern Russia. In 2105, the crisis escalated, for which the country was not ready, and the conflict began in Syria, which destabilized the situation in the Middle East. And the United States, in turn, lifted the ban on oil exports, and the country became a full-fledged participant in the energy trade. In 2016-2017, all efforts of Russian politicians were aimed at stabilizing the country's economy and the political situation in the region. In 2016, Russia

adopted a new foreign policy doctrine, and in 2017 the main phase of a military operation in Syria ended. 2018 was a turning point: Russian gas companies began to compete on foreign markets, oil prices began to rise, and the security concept was updated. The last fourth chapter summarizes all the work and draws the main conclusions.

Chapter 2. Energy Policy Transformation

2.1 Energy Strategy: History of The Document

In the second chapter, this paper examines all the energy strategies issued in Russia and shows what the main goals were for each document. S trategy formulation is the most important and difficult step in political proc ess. Following the strategy, federal departments and government officials of the constituent entities of the federation develop departmental and regi onal concepts and doctrines that detail and designate priority areas of stat e policy. The provisions of the strategy are clarified and developed in the annual messages of the President of the Russian Federation to the Federal Assembly of the Russian Federation. The state strategy is being implemen ted through the development of program documents - state and municipal projects, programs and plans. For the successful implementation of the str ategy, administrative, economic, legal and other mechanisms are involved.

After analyzing the document, the very first strategy, ES-2020, had a goal to increase economic indicators and perfect the quality of life of ordi-nary Russian citizens. The next strategy, ES-2030, was also focused on improving economic performance, but already assumed not only material benefits, but also strengthen its foreign economic status. This point was the distinctiveness of the first draft ES-2035: it was supposed to continue ES-2030 and further strengthen the international position of Russia. It also counted on a progressive reduction in the use of hydrocarbon fuels and laid the foundation for the development of renewable energy.

However, the government abandoned the first draft. The second draft ES-2035 already addresses economic benefits: an increase in key exports and the competitiveness of the industry, as well as complete independence from external factors (imported technologies, equipment).

For a better understanding of what factors delayed the adoption of a draft, it is important to compare core changes in doctrines of Energy strategies. Table 1 indicates the main ideas and modifications in the Energy Strategies until 2020, 2030 and in the draft until 2035. To answer the question of this paper, it is necessary to identify the differences between Energy Strategies. Strategies reflect the priorities of the state for a specific period. Through their prism, it is possible to recognize what goals and objectives the government faced, and how successfully these goals were achieved. The external and internal situation shifts, and as a result, the document itself changes. Therefore, it is so important to follow the changes of Strategies, and especially to understand why the latest strategy's draft is constantly rejected. This will provide an opportunity to understand what new trends are affecting the current policy of the Russian Federation.

	ES-2020	ES-2030	Draft ES-2035
Primary goal	Maximized efficiency in energy resource exploitation and the use of the fuel-energy industries potential	ES-2020 + sustainable economic growth; creation of an innovative and efficient energy sector	ES-2030 + development of domestic energy infrastructure (overcoming

	for economic growth and improvement of quality of living standards.	meeting the needs of a growing economy and allowing Russia to strengthen its foreign economic status.	imbalance in favor of export infrastructure); improving the availability and quality of energy products and services; the supremacy of principles of sustainable development in energy governance at corporate and national levels.

Table 1. Differences between Two Energy Strategies and the first Abandoned Draft (Source: Shadrina E. Russia's natural gas policy toward North East Asia: Rationales, objectives and institutions. *Energy Policy,* 27. 2014, p. 60)

For better understanding of these differences, it's important to trace back the history of the document. It allows to see the changes of energy policy priorities through the years. For the first time, the Energy Strategy

of Russia was developed in 1995. It was partially implemented, which made it possible to generally meet the country's domestic and export needs for energy resources[8]. However, the state lacked a clear economic policy that would determine the main parameters of the fuel and energy complex development. In the conditions of the Russian economy being reformed, the tasks of the Energy Strategy of Russia have been transformed, and most importantly, the meaning of the strategy itself has changed. The emerging new problems in the field of domestic energy dictated the need to search for strategic directions for the country's energy supply in the most effective ways, sufficient to Russian reality. Therefore, from 1998-1999 Russian ministries and departments have started to prepare a new edition of the Energy Strategy. In August 2003, the Energy Strategy of Russia for the period up to 2020 was adopted and approved by the order of the government of the Russian Federation. It received a profound response in business circles, in the regions, and among the scientific community[9].

The Energy Strategy of Russia for the period up to 2030 not only extends the time frame of the previous document - it forms new strategic guidelines for the development of the energy sector as part of the transition of the Russian economy to an innovative development path, declared in the Concept of Long-term Socio-economic Development of the Russian

---

[8] Kuznetsova N., Kuznetsova E. (2015). Energy strategy of the Russian Federation. *Mediterranean Journal of Social Sciences 5.*

[9] Mitrova T., Yermakov V. (2019). Russia's Energy Strategy-2035: Struggling to Remain Relevant. *Paris: IFRI Russia/NIS Center 14.*

Federation. ES-2030 is based on the assessment of existing trends and experience in the implementation of the previous strategy and on the analysis of new challenges and risks in the development of the global energy sector.

Thus, the main content of the Energy Strategy is the problem of optimal provision of Russia with fuel and energy in conjunction with the forecast of the country's economic development, the transition from overcoming crisis phenomena to intensive post-crisis development. The main goal is to identify ways and create conditions for the safe, efficient, and sustainable functioning of the energy sector. The main instrument for achieving goals and implementing priorities is the state's influence on the formation of a civilized energy market and the improvement of economic relations between its subjects among themselves and with the state. The main mechanism for achieving goals and objectives is the system of regulatory legal acts that must be developed and adopted. It should be noted that ES-2030 follows the principle of continuity with the previous document. Energy security, energy efficiency, and environmental friendliness remain the basic directions of ES-2030.

As part of the process of Russia's integration into the world energy system, a long-term strategic initiative is being implemented to diversify export supplies, which can as expected, lead to serious changes in the promising structure of Russian fuel and energy resources exports. Most domestic programs and projects are implemented jointly with foreign partners. With this in mind, a draft Program for the creation in Eastern Siberia and the Far East of a unified system for the production, transportation of gas and gas supply, taking into account the possible export of gas to the

markets of China and other APR countries, has been prepared[10]. All this should create conditions for dynamic socio-economic development and a qualitative increase in the standard of living of the population of this largest region.

It is worth noting here that the energy strategy 2030 was also actively criticized immediately after its release. According to analysts, it is essential to reveal a new state program on the development of the fuel and energy complex, otherwise, in 5 years the Russian economy could be threatened. The Yamal-Europe projects and the Nord Stream project were not sufficiently reflected in the content of the strategy. The main mistakes of today's Energy Strategy of Russia are focused on the extensive path of development of the fuel and energy complex, ignoring the deterioration of the entire infrastructure for energy production, the low technological structure of the economy, a bias towards the use of natural gas, the absence of a control system for subsoil management and field licensing[11].

2.2 Shifting of Strategic Goals and Priorities in Energy Sector

To respond to the research question of this paper starts with examining vital changes or the main differences between the two strategies. Here four

---

[10] Rossbach N. (2018). *The geopolitics of Russian energy – gas, oil and the energy security of tomorrow.* Stockholm: Swedish Defense Research Agency.

[11] Makarov A. (2009). Science and Technology Forecasts and Problems of Russia's Energy Development up to 2030. *Herald of the Russian Academy of Sciences 79.2.*

general features can be highlighted:

The first difference that pops in the eye associates with international positioning. Draft ES-2035 places particular emphasis on the fact that Russia occupies a unique place, but this might change by the 30th, 40th. The strategy assumes that the Russian foreign energy policy is aimed at establishing the country's position as one of the leaders in the world energy market. And the main tasks converged on increasing the efficiency of participation in the global energy agenda and export support.

This part was missed in the latest Strategy. The new strategy does not aim at Russia's dominance in the global energy markets. Subsequently, Russian foreign energy policy is not aimed at strengthening the country's position as one of the leaders in the world energy market. The main tasks are highlighted here: promotion of the development of new forms of the energy business, coordination of external energy policy, and formation of external energy markets of the Eurasian Economic Union.

It is visible that the new strategy puts the country's position at the world energy markets as supplemental but not the forefront idea, more emphasis is placed on the development of the energy business.

The second point that captivates attention when analyzing the documents is that the early draft paid attention to market prediction. Some chapters are devoted not to the prospects in which the Russian energy sector should develop, but to assumptions about what will happen to the market as a whole and how this or that industry can behave.

The second strategy, which was eventually adopted, does not contain a section with assumptions. Instead, there is more focus on elaborating on the challenges facing the industry and more detailed measures that can be

taken to improve the industry.

Third, in the new strategy Development of Infrastructure in Eastern Siberia and the Far East is highlighted in the Priorities section. Now the regional development of Siberia and the Far East, as well as transport infrastructure is not just one of the tasks of the state, but one of the main priorities. Along with regional development, diversification of export directions, development of competition and increasing efficiency received the status of priority. All these tasks are highlighted as priorities.

The draft, which was rejected, prioritized the following items: ensuring the country's energy security, satisfaction of domestic demand, transition to environmentally friendly and resource-saving energy, rational use of energy recourses, maximize usage of Russian equipment, improving the quality of management.

These points are included in the priority areas for the development of the new strategy, but with additions and more detailed elaboration, corresponding to the current state of the industry.

Fourth, it is worth noting the phases into which energy development in Russia was divided. The old draft argued that there are two periods: The first stage Until 2024 and Second Stage 2025-2035. The new strategy says that the development of the Russian energy sector has two periods, First Stage Until 2020, where the country will overcome the crisis. And the Second Stage: 2021-2035, where further development will take place with an emphasis on regional projects Yamal, Siberia, Far East. Thus, we can say that the first most turbulent part has come to an end. And all that remains is the stable development of regions and infrastructure.

Fifth, the first draft sees the following three as one of the main

problems associated with international cooperation: uncertainty of external conditions and factors, the strategy devotes several pages to predicting how the global energy market will behave and the long-term nature of the sanctions launched in 2014. However, the document does not suggest any actions that could help to fix these problems.

In this context, it is worth paying attention to the second strategy 2035, which was eventually adopted. The authors of the new document highlight completely different dilemmas in international cooperation. These are: decreasing the number of exports to Europe, new export routes are limited to Asia, lack of infrastructure that prevent export growth, and dropping of Oil price that might recover. But here the authors of the document suggest ways to solve the problem, which they see, first of all, flexibility of export policy. Another one is diversification of supply sources where all efforts of Russian energy policy should be put to. And one of the most significant is the cost reduction of Russian companies.

Also, considering the document as a whole, it is puzzling to move attention to the change in the structure and the emergence of new details.

A new chapter of import substitution appeared in the approved strategy, in the old document it was part of the chapter on scientific and technological activities. And in the new one, it was taken out separately. It should also be noted that the abandoned document included a section on the development of the petrochemical industry when this industry was removed in the new strategy and is no longer considered.

2.3 Transformation of Energy Industries

The difference is noticeable not only in the general provisions of the strategy, but in the development goals for each industry. In the next part I point out changes occurred in the four main industries: oil, gas, coal, nuclear. These four areas have undergone the most global changes that can illustrate the new course of Russia's energy policy.

2.3.1. Oil Industry

Oil is the most essential resource for Russian export. Besides, prices for natural gas significantly depend on the level of prices for oil and petroleum products.

The first draft highlights several pressing issues that the authors believe the oil industry needs to deal with. These problems include an increase in the cost of production, the demand for new technologies, the incompleteness of taxation mechanisms, and trade in surrogate fuel in the domestic market. Each of these problems is associated with an increased capacity for oil production. Thus, new technologies will help reduce the price of extraction and supply, as well as the production of petroleum products. Improving tax mechanisms will affect the attraction of investors and getting rid of low-quality surrogate fuel will affect the satisfaction of demand in the domestic market. The problems faced by the first draft are local. None of the issues are critical for the industry, do not cause serious losses. Tasks have expanded not only by production but also by improving the quality of oil products, increasing supplies to the Asia Pacific Region. In the eyes of the strategy's authors, Russia holds one of the leading

positions in the global energy sector, and this should continue until 2035. However, the Shale Revolution and the lifting of the US oil export ban in 2015 attracted a lot of attention from Russian policymakers, as a result of which the second draft was built on completely different principles.

The problems posed by the second draft are more global. They are associated with the crisis in the industry, and in the conception of policymakers, this is not about overcoming local problems, but about returning the oil industry to a working state. The main crisis was overcoming, and the main goal was to prevent its recurrence and to reach new stable indicators. Therefore, the main challenges were low prices, a decrease in external demand for oil, an increase in the cost of production, deterioration in the quality of produced oil. Thus, the main task of policymakers is to support the state budget through oil exports and to prevent a worsening of the economic situation.

2.3.2 Gas Industry

The share of gas in the total energy balance of Russia is 52%, in electricity production - 49%, which is one of the largest indicators in the world. The structure of gas consumption in Russia is as follows: 37% is used for the production of electricity and heat, 11% - by the population, 9% - by fuel and energy companies, 8% - by the utility sector, 6% - by metallurgy, 29% - by other consumers. Natural gas exports account for a significant portion of Russian exports and are a major source of government revenue.

The situation in the global gas market is changing. The USA instead of plans to increase gas imports is turning into its exporter. This entirely changes the balance of power not only in the Atlantic market but also in the

entire world trade.

In this case, one of the key tasks in the second draft was the Formation of a competitive market. Allowing the exit of small and medium-sized businesses, but with the preservation of the leading role of Gazprom. The first draft, which came out in 2014, mentions competition briefly. This is not a central idea for the gas industry and there is no emphasis on it.

The objectives of the gas industry were also shaped differently by both strategies. The first document speaks only about the satisfaction of domestic demand and the development of LNG production. While in the second document the tasks assigned to the gas industry are broader and more diverse. These include the development of new deposits, development of Russian technologies, stimulating consumption, and gasification of regions. Thus, the authors of the document emphasize that the main task of the industry is to become independent from external market changes, to be able to support itself with its internal resources, in this case, technologies, and to be ready to ensure supplies at any time without interruption.

2.3.3 Nuclear Industry

In modern conditions, nuclear energy is one of the most important sectors of the Russian economy. The rapid development of the industry is one of the main cases for providing the state's energy independence and stable growth of the country's economy. At present, the share of nuclear power generation exceeds 20% of the total electricity production in the country.

Russian Federation in in the second place for producing energy based on the nuclear power among European countries. In modern conditions, nuclear energy is one of the most important sectors of the Russian economy,

which develops non-stop.

The state possesses a large number of nuclear energy technologies, from the extraction of uranium to the generation of the electric power industry.

While comparing nuclear industry development in two strategies, it becomes clear that the first strategy was focused on internal indicators, its main task was increased efficiency and development of new technologies for operating reactors. Despite joint projects with Iran and China, joint international projects in nuclear energy were not a priority.

Everything changes with the advent of a new strategy. The new strategy spelled out a more detailed development of the industry: to increase competitiveness and start exporting technologies. Thus, nuclear power is gaining new significance. The goal of the industry is now not only to provide the domestic market but also to become a competitive industry in the global energy space.

Interestingly, the latest strategy recognized that one of the most important goals is also to ensure the safety of nuclear power facilities. When, like in the first draft, there was no mention of this. The increased terrorist threat is a risk factor in the dilemma of nuclear energy security, especially in countries that are in the zone of civil and international conflicts. Therefore, only in 2016, there were reports of possible terrorist attacks at nuclear power plants in Belgium and Ukraine, which caused an increase in the level of safety at nuclear facilities in other countries, for example, in Spain. Discussions about the feasibility of developing nuclear energy in Iran and Pakistan continue.

2.3.4 Coal Industry

In the first strategy, the main targets were the satisfaction of domestic demand and the strengthening of positions in the world market. Coal was seen as a strong, but not the most competitive industry. Around the world, a discourse is starting about the reduction of hydrocarbon fuels, especially those that generate a lot of polluting waste. At the first stage of document development, it was proposed to reduce. There was a request to make coal a more competent sphere and develop the industry, including discovering new deposits, for example, in Yakutia and Tuva.

Based on ES-2035, in 2020, a program for the development of the Russian coal industry was approved. In 2020, the Russian Government approved a program for the strenghning of the Russian coal industry until 2035. Following this plan newly-built coal mining centres would appear in Russia by 2030. The program is implemented in three stages. The first stage is approximately calculated until 2025, according to which technical renovation of the coal industry should be completed. The second stage, is up to 2030, involves the formation of new coal mining centres. At the third stage, it is planned to implement pilot projects based on deep coal processing technologies.

European countries are the largest export market for Russian coal. Even in difficult 2020, Russian companies supplied 45 million tons of coal to Europe. This is more than 20% of its expected total exports from Russia (208-210 million tons). As for China and India, there is complete confidence that even in the context of an active environmental policy, Russian coal will be in demand.

By 2030, new coal mining centers should appear in Russia. The program

is being implemented in three stages: the first is designed until 2025 (according to it, technical re-equipment, intensification of coal production, an increase in the volume of coal preparation, as well as a reduction in accidents and injuries at enterprises are supposed to be carried out), the second stage is calculated until 2030 (the restructuring of the industry should be completed and new coal mining centers formed in the fields where favorable mining and geological conditions have developed), at the third stage, a dramatic increase in labor productivity and the implementation of pilot projects based on technologies for deep processing of coal should be achieved, global standards in the field of environmental protection. The implementation of the program assumes an increase in coal production from 439.3 million tons in 2018 to 485 (668) million tons.

2.4 Observations and Conclusions

This part examines the main principal changes in the provisions of the two strategies formulated in the table. Applying the model of the table, it becomes clear that the first draft focused not only on the economic improvement of regions and the industry but also on strengthening relations with international partners and Russia's leading role in the global energy sector. The second draft is focused on working the business side of the energy policy and its goal is to make the Russian energy sector competitive and attractive on world markets.

	ES-2035 Abandoned Draft	ES-2035 Accepted draft

Content Changes	- Strengthening the position of a leader in the global energy sector. - Development of international relations in the field of energy. - Russian foreign energy policy is aimed at strengthening the country's position as one of the leaders in the world energy market. - Financial transparency of Gazprom's monopoly activities	- Transition through structural transformation. - Transformation of the fuel and energy complex, diversification of export flows, independence of the energy sector. - Development of infrastructure in Eastern Siberia and the Far East. - Promotion of the development of new forms of energy business. - Formation of external energy markets of the Eurasian Economic Union.

		- Formation of a competitive market (important): level playing field and fair competition.
Observation	- The strategy focuses on positioning Russia as a leader in the global energy sector. - Focus not only on the economic component of energy policy, but also on expanding partnerships with other countries. - Strengthening positions in the global LNG market, stable energy relationships with traditional partners, and adapting to changes in the European market.	- The focus has shifted to improving economic and business performance. Now the industry must not only meet domestic demand and improve production performance, but also become competitive in world markets. - The emphasis on the production and export of hydrocarbons, which contrasts with the statements about the development of renewable energy and about attempts to improve the

	- Fast entrance Asia Pacific markets and strengthening of energy cooperation with Asian partners.	environmental situation.

Table 3. Contend Difference between the Abandoned and Accepted Drafts of ES-2035.

The foremost changes in the new Energy Strategy are related to the predominance of economic factors over security factors. The segment where Russia should be the world energy leader was removed from the goals. And policymakers added sections about the development of competition between Russian companies in the oil and gas markets, which did not exist before. The first draft did not provide for competition in the oil and gas sector. For instance, in the gas industry, Gazprom retained all the privileges. The only thing that was spelled out in the old strategy is that the policy of the country's main gas monopoly should become more transparent, which does not provide for direct competition. After 2014, Novatek began to actively develop LNG production with the participation of foreign investors (20% of the company belongs to CNCP), it became clear that the departure from the complete state monopoly and the improvement of product quality would allow the better realization of economic indicators. Each of the industries needs to become competitive in world markets.

Emphasis was given to the production and export of hydrocarbons. The first strategy indicated that in the 30s and 40s Russia would lose its leading

position in the production and export of hydrocarbons in the world and focused on meeting primarily domestic demand and increasing the level of exports in the oil and gas industry. The second strategy pushed the concept of transition to renewable energy sources into the background. The document contains a strategy for the development of renewable energy sources as relevant in the future. But at the same time, now the goal of each industry is to increase hydrocarbons exports and enter world markets. The competitiveness of each Russian energy industry is the main goal of the document. The oil and gas industry are no longer able to cover all the budgetary needs of the country and ensure the social security of the population.

Chapter 3. Reasons For The Policy Transformation And The Draft Abandonment

In this chapter, paper examines how events between 2014-2019 influenced the perception of the creators of the strategy. I will highlight the watershed events that led to the perception changes in preparing previous strategies. The authors of the documents estimated that the energy industry should be balanced between international security and international economic priorities. After a detailed examination of domestic politics, international, economic, and security events, it can be concluded that this point of view has changed. Now, decisions about the future of the industry are mainly influenced by economic events, as domestic, as well as international.

To prove that after the crisis and market change strategic thinking shifted toward the international economic and domestic economic priorities, I will examine in detail how the reasoning of the authors of the document has changed. The first draft was released in 2014, but its compilation began a year before the official release in 2013.

2013 was a disastrous year for the Russian energy sector. Investors name state regulation one of the main risks of the sector - constantly changing regulations, deferred decisions on energy reform, in particular the heat market, reducing tariffs, and hence the revenues of energy companies[12].

---

[12] Mohapatra N. (2013). Energy Security and Russia's Foreign Policy. *New Delhi: Jawaharlal Nehru University.*

Considering the events that led to this, it becomes clear that the main factor that made it difficult to predict the changes in the energy market in 2014-2015 was economic sanctions.

The first draft was released in 2014, and in 2018 it was chosen to start working on a new one. The second draft was released in 2019 and the main discussions of the document took place in the spring of 2020, and later in the summer, the document was officially adopted. In this chapter, I will show how the thinking of the authors of the strategy changed and answer one of the most important questions of this work: why it took five years to abandon the old document and develop a new strategy. When was it decided to start preparing a new document? Why exactly 2018 year became a watershed in Russian energy politics? How did international and domestic events influence the perception of the strategy?

To answer these questions, it is necessary to analyse all the important milestones that happened from 2014 to 2019.

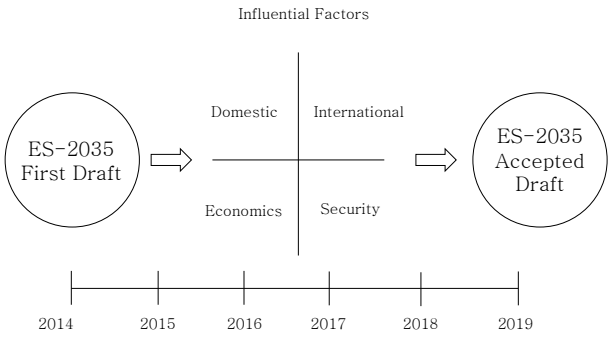


Figure 3. Factors that Influenced Abandonment of the Draft

Each event has two characteristics that define it. The first characteristic determines the scale: this event was either domestic politics or international. The second characteristic speaks of the quality of the event, that is, it is associated with the economic sphere or the security field.

In graph 1, it is explicit how the events from 2014 to 2019 are located after they were assigned characteristics. X-Axis constitutes Security and Economic events. Security has a negative value, and the economy has a positive. While Y-Axis stands for domestic politics and international events. Domestic has positive values and International - negative.

In addition to characteristics, each event also has weight. That is, some events had a greater impact on the authors of the strategy, and some were taken into account to a lesser extent. Further, to understand which event had the most weight, it is rated on a five-point scale, depending on how much this event influenced policymakers:

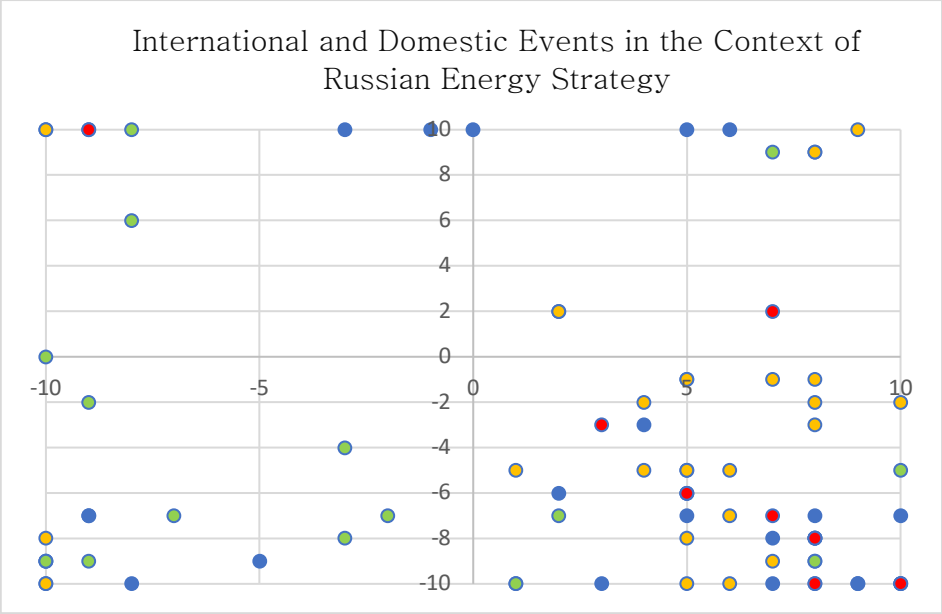
(1) Low - an event has some meaning but not important - 1 point.

(2) Low-Medium - an event has some meaning but only to some degree - 2 points.

(3) Medium - an event means some and policymakers will consider it - 3 points.

(4) High-Medium - an event means a lot and main policy circles are taking it into account - 4 points.

(5) High - an event impacts the main policy circle - 5 points.



Graph 1. International and Domestic Events in the Context of Russian Energy Strategy

In the following table I arrange all the events depicted in the graph with their corresponding values and weight to clarify the influence each event had on the decision-making process.

Event	Value (X-Axis; Y-Axis)	Weight points (color)
2014 year		
Signing of a 30-year contract for gas supplies to China between Gazprom and CNCP.	7;-7	5 (red)
Malaysian plane MH17 crash.	-9;-9	1

		(blue)
Continuation of the South Stream project and laying of a new pipeline through Turkey.	8;-8	5 (red)
Beginning of sanctions activities.	5;-6	5 (red)
Beginning of joint construction at the Bushehr nuclear power plant (Bushehr-2) in Iran.	2;-2	4 (orange)
Completion of one of the largest electricity sector reform in Russia.	5;10	4 (orange)
2015 year		
Gazprom selling its stakes in large European projects.	5;-5	4 (orange)
The European Union extending the sanctions against Russia for another 6 months.	5;-6	5 (red)
The beginning of the military operation in Syria.	-10;-9	2 (blue)
Plane crash in Turkey of Su-24 fighter.	-10;-8	4 (orange)
Holding five meetings between Xi Jinping met with Vladimir Putin.	2;-6	3 (green)
Signing of Minsk Agreement .	-9;-7	3 (green)
Turkish Stream and Akkuyu NPP freezing contracts.	6;-5	4 (orange)
Beginning of pipe construction without Turkish cooperation.	7;-9	4 (orange)
Launching of the Eurasian Economic Union.	8;-9	2 (blue)

Decreasing of trade turnover and devaluation of the rouble (as a result, the volume of imports decreased).	10;-2	4 (orange)
Delaying in signing the contract with China on gas supplies via the Power of Siberia-2 gas pipeline.	6;-10	4 (orange)
The United States abolished a 40-year ban on the export of American oil.	10;-10	5 (red)
The return of Iranian oil to the European market.	7;-10	3 (green)
Refusal to work on the 'South Stream' project.	8;-2	4 (orange)
Oil demand decreasing.	9;-10	3 (green)
Prevention of a large-scale escalation of the conflict over Nagorno- Karabakh.	10;-7	2 (blue)
Increasing in military spending.	-8;6	1 (blue)
Releasing of national security strategy of the Russian Federation.	-10;10	4 (orange)
2016 year		
The decline in the export of goods.	8;9	1 (blue)
Decreasing of investment inflows by 5.7%	10;-5	2 (blue)
Recording of 56% of unprofitable organizations in the production and distribution of energy, gas and water.	9;10	3 (green)
Extending of the EU sanctions.	5;-6	4 (orange)
Trilateral Russian-Turkish-Iranian meeting at the level of foreign ministers.	-10;-9	1 (blue)

Resumption of active dialogue with Japan and visit of President Putin to Tokyo.	-5;-9	3 (green)
Releasing of the new Foreign Policy Concept.	-10;-10	4 (orange)
Launching of the Turkish Stream project has been launched again.	5;-8	4 (orange)
Personnel changes: 23 governors were replaced.	-9;10	2 (blue)
Highest poverty rate since 2014.	-8;10	1 (blue)
Starting of construction of the Bushehr-2 project.	5;-7	3 (green)
2017 year		
Agreement of Gazprom to abolish all restrictions on the re-export of Russian gas to the EU.	4;-5	4 (orange)
Completion of the main phase of the military operation in Syria.	-9;-7	2 (blue)
Continuation of the armed conflict in Donbass.	-9;-2	2 (blue)
Accession of India and Pakistan in 2017 to the Shanghai Cooperation Organization.	-2;-7	1 (blue)
Negotiations with China on the Korean nuclear program.	-7;-7	1 (blue)
A series of terrorist attacks in Europe and the USA.	-10;-10	1 (blue)
Saudi Arabia, UAE, Bahrain, Egypt severed diplomatic relations with Qatar.	1;-10	2 (blue)
Purchasing from Iran under the "oil in exchange for goods" program.	5;-5	3 (green)
Launching of Novatek's first project in Yamal.	6;10	3 (green)

Releasing of Economic security strategy of the Russian Federation for the period up to 2030	0;10	4 (orange)
2018 year		
OPEC + agreement on limiting oil production.	8;-10	3 (green)
US sanctions on Iran.	1;10	3 (green)
Historical maximum of oil production in the USA.	10;-10	4 (orange)
The decision to increase oil production in order to avoid a shortage in the world oil market.	8;-7	3 (green)
Decreasing of oil production in Venezuela, Iran and Angola	1;-10	2 (blue)
The United States withdrawal from the agreement on the Iranian nuclear program and the imposition of sanctions against Iran.	-8;-10	3 (green)
Rising followed by decreasing dynamics of oil prices.	7;2	5 (red)
Withdrawal of Qatar from OPEC with the intention to focus on natural gas production.	9;-10	3 (green)
An agreement between Russia and Saudi Arabia on the need to continue interaction to control oil production.	6;-7	4 (orange)
Opening of the second Russian Chinese oil pipeline.	5;-1	4 (orange)
Release of a new Energy security strategy.	-9;10	5 (red)

Agreements on the peaceful atom between Russia and China. A contract was signed for the construction of the third and fourth units at the Shudaypu NPP.	4;-2	4 (orange)
Russia became the largest supplier of coal to China - 10% of the country's coal consumption.	5;-1	3 (green)
Coordination with Mitsubishi in the development of LPG fields on the Yamal Peninsula.	4;-3	3 (green)
2019 year		
Oil price rose after falling in 2018.	8;-10	5 (red)
Reduction of oil production in OPEC + countries.	3;-10	3 (green)
US sanctions against Venezuela.	-3;-8	1 (blue)
The decrease in the consumption of oil and petroleum products mainly occurred in Europe, China, Russia, Brazil and Japan.	7;-8	3 (green)
Decline of oil production in most of the OPEC countries.	8;-9	3 (green)
Reducing of oil production in Russia.	8;9	4 (orange)
Increasing of oil production in the US.	8;-8	4 (orange)
Proposal to create a "Union State" with Belarus.	-3;-4	1 (blue)

Decreasing of the budget for 2019-2021 the cost of the army but increasing by the National Guard of Russia and the FSB.	-3;10	2 (blue)
LNG imports in Europe reached a record.	1;-5	4 (orange)
Sanctions on Nord Stream 2.	3;-3	5 (red)
Negotiations between the head of Rosatom and the vice-president of Iran on the resumption of construction at the Bushehr nuclear power plant.	8;-8	4 (orange)
Setting the pipeline system Eastern Siberia - Pacific Ocean	8;-8	4 (orange)
Agreement between CNCP and Novatek on LNG production in the Arctic.	7;-1	4 (orange)
Possessing of 1/3 of the Yamal LNG project by China	8;-1	4 (orange)
Opening the Power of Siberia and transferring the gas to China via the Chinese section of the pipeline.	8;-3	4 (orange)

Table 4. Detailed explanation of the international and Domestic Events in the Context of Russian Energy Strategy.

Studying the chart, I can find that most of the events on the chart were in the lower right square (X-Axis - Economic; Y-Axis - International). Thus, I assume that the focus of government policymakers has shifted to international and domestic politics and economic events. It was these cases that, over the course of five years, exercised the most significant influence on the authors of the strategy and predetermined the abandonment of the

first draft and development, and then the adoption of the second draft. Until 2014, the course of energy policy was influenced by both international economic and international security events. At a time when exactly from 2014 after the shale revolution, sanctions followed after the annexation of the Crimea peninsula, as well as severe energy market changes, a change in the direction of energy policy began. It now reflects the economic goals and concerns of the government, and it was economic events, both domestic and international, that were reflected in the provisions of the new strategy and led to the abandonment of the old one. The old draft did not reflect market changes, it was built according to the old scheme: the impact of international economic and international security events.

In the first part of this chapter, it will be shown how the events of 2014-2015 influenced a change in the perception of energy policy. In the next two years, in 2016-2017, Russian policymakers still did not attempt to create a new document and did not understand in which direction to edit the old one, so they followed and observed world events. 2018 was a decisive year when they decided to abandon the old draft as irrelevant and non-reflective of the main priorities.

3.1 Years 2014 - 2015: Awakening and Postponement of the First Draft

In this part of the chapter, this paper studies the key events in 2014 and 2015 that influenced the decision to postpone the document. Following the ES-2035 trend, according to the calculations of the authors of the

strategy, the energy policy should have been based on a symbiosis of security and economic goals. The new document should also extend the trend of the old, taking into account its priorities and goals and adjust them to the international and domestic situation. However, it was the events that took place in 2014-2015 - economic sanctions, the oil price crisis - that forced the government to postpone task on the document.

To understand which events were decisive in 2014-2015, it is necessary to look at the events of previous years. The first strategy was based on the reform of the electric power industry, which was finally completed by 2013. The reform proved that the transition of a natural monopoly, such as the electric power industry, to market relations is possible. The risks of massive winter outages of industrial consumers due to power shortages during peak loads have disappeared. Large-scale investments in new grid and generating capacities have helped contain the cost of electricity, which is currently growing more slowly than fuel prices. The importance of the reform for the future development of the industry can hardly be overestimated. It was the successful completion of the reform that showed that market relations in the Russian energy sector are possible and can lead to a positive result for the industry. It was she who outlined the development of the energy sector, described in the first draft.

However, the first stage of economic sanctions began in connection with the annexation of the Crimean Peninsula and the destabilization of the situation in eastern Ukraine[13]. These were restrictive political and

[13] Kropatcheva E. (2011). Playing Both Ends Against the Middle: Russia's Geopolitical Energy Games with the EU and Ukraine. *Geopolitics 16.3.*

economic measures introduced against several Russian and Ukrainian individuals and organizations, which, in the opinion of international organizations and individual states, are involved in the destabilization of the situation in Ukraine, as well as Russia's retaliatory actions. The sanctions hit the Russian economy and the demand for energy resources seriously.

The initiator of the imposition of sanctions with the aim of international isolation of Russia was the US and soon the EU countries joined the actions. The sanctions were also supported by the G7 states and some other countries that are partners of the US and the EU[14].

Sanctions have become one of the main reasons for the protracted financial crisis in Russia. In the modern history of Russia, there have already been several financial crises: 1998 or 2008, with which the country's economy has successfully coped. The Crimean crisis at the beginning of the year did not foreshadow dramatically different consequences, and the energy strategy was not under threat. The first draft of ES-2035 was viewed by politicians and academics as part of standard public discussion. But at the end of the year, it became clear that the sanctions imposed by European countries would have a strong impact on the country's economy.

The sanctions of countries applied against Russia, according to the direction of influence, can be divided into four groups: 1. Individual sanctions; 2. Freezing of foreign assets of companies; 3. Financial or investment sanctions (sectoral sanctions, implying restriction of access to financing through

[14] Connolly R. (2018). Russia's response to sanctions: how Western economic statecraft is reshaping political economy in Russia. Cambridge: Cambridge University Press.

loans or debt instruments of more than 30 (initially 90) days, as well as shares and bonds issued after the imposition of sanctions, as well as a ban on investments in infrastructure projects several economic sectors); 4. Foreign trade sanctions[15].

The main problem was financial sanctions and a ban on lending in European and American banks. Thus, loans that could be spent on business development were invested in paying off old debts. Because of this, the business lost a significant amount of new investment and income.

The sanctions have had a direct impact on the energy sector as well. The government's reaction was not long in coming. Due to the economic restrictions imposed by a number of countries, the Russian government had to look for new ways to prevent a crisis in the energy sector. The importance of the crisis also affected the energy sector: Russian energy companies had to look for alternative ways and enter other financial markets. This was a big step in solving the problems that the sanctions brought. Companies had to solve possible problems on their own, without the help of state authorities. This way, the crisis has forced companies and government officials to look for alternatives and hastily revise past forecasts. This was the first step for more active energy interaction in the economic sphere, without an emphasis on security. The sanctions served as a kind of impetus that showed the government the need to pay attention specifically to the economic component of energy policy.

---

[15] Hofer A. (2018). The 'Curiouser and Curiouser' Legal Nature of Non-UN Sanctions: The Case of the US Sanctions against Russia. *Journal of conflict & security law 23.*

The most significant negative impact on the state of the Russian economy is exerted by Western sanctions associated with restrictions on attracting financial resources. It was challenging for businesses and banks to access the external debt market.

In the short term, the sanctions have practically no effect on the oil and gas sector: since their adoption, production has even been increased. For Russia, temporary technical constraints are less severe than financial ones, although they are unlikely to be overcome through cooperation with China. However, in the longer term, the damage to the Russian economy will increase. The wave of sanctions complicates the solution of the problems of long-term development of the oil and gas industry: some countries prohibit the supply of equipment necessary for operation to Russia

Despite the emerging problems, sanctions are becoming an incentive for the mobilization of domestic resources and the development of Russian industry. This was the first impetus that led to the need to maintain independence from external supplies. If necessary, in the short term, Russia could have suffered smaller losses during the period of sanctions, but it was precisely the lack of the necessary technological base for the development and supply of new fuel that pushed the government to a slow transition to full independence. The first draft of the strategy was not aimed at technological independence, as can be understood from the second chapter. It was precisely in the period from 2014 to 2018, under the influence of sanctions, which increased every year, that the most important decision was made - to switch to self-maintenance.

The structure of export of goods from Russia from 2012 to 2015 did not change significantly: the share of fuel continued to be 70%. If from 2012

to June 2014 the price of oil was in the range of $ 100 – $ 115, then by the end of December 2014 it dropped to $ 56.5, reaching the minimum indicators in the spring of 2009. In the first half of January 2015, oil fell in price from $ 55.27 to $ 45.13 per barrel, but by mid-February, the price rose to $ 60 and remained stable throughout the first half of the year at $ 55 – $ 60 per barrel. In mid-July, the price drop resumed, reaching $ 35.98 per barrel by December 23. Thus, in 2015, prices fell by more than 35%[16].

It can be concluded that the overwhelming export item has been and remains mineral products. The decrease in their share is still explained by the fall in oil prices and the reduction in its supply on a large scale.

At the very moment of the crisis, companies were forced to turn to the state for financial assistance to successfully fulfil their obligations. This could not but push government officials to an important question: how to ensure not the country's leading position in the market, but the stability of their own companies. How to give them the opportunity to replenish their budget in times of crisis, not at the expense of the state. These reflections will form the basis of an important change in the second strategy. Namely, in the second strategy, which will be adopted, there will be an item on possible competition between Russian companies in the domestic market of the country. Thus, the state made concessions so that the industry could partially secure itself financing from the competitive market. It was economic sanctions that led to the beginning of a change in Russia's energy

---

[16] Baumeister C., Kilian L. (2016). Forty Years of Oil Price Fluctuations: *Why the Price of Oil May Still Surprise Us. The Journal of economic perspectives 30 (1).*

policy. For that reason, they are marked as red in the Graph 1 and are given 5 points – the maximum number of points possible.

Despite economic sanctions, the Russian side insisted on continuing work on the project. Indeed, one of the main goals of recent years has been precisely the diversification of export routes. In April 2014, the European Parliament adopted a resolution in which it recommended that the partners abandon the construction of the gas pipeline, however, according to the European Commission, there was no discussion of freezing the construction of South Stream[17]. Nevertheless, later in December same year, Russian President Vladimir Putin announced during negotiations in Turkey that Russia could not continue the implementation of South Stream due to the non-constructive position of the European Union and that a memorandum was signed on the construction of a gas pipeline of the same capacity to Turkey, as well as expanding the Blue Stream gas pipeline[18]. But at the end of the year in December, the project was still frozen.

In contrast to the postponement of the South Stream gas pipeline project, Russia has renewed agreements with Iran on the construction of a

---

[17] European Parliament welcomes the suspension of South Stream construction, Interfax, 15 January 2015; [Website] (2020, November 20). Retrieved from https://www.interfax.ru/world/418063

[18] South Stream gas pipeline project (2015) Russian Information Agency [Website]. (2020, November 20). Retrieved from https://www.interfax.ru/world/418063

power unit at the Bushehr-2 nuclear power plant[19]. The project ceremony took place in September 2016.

However, the 'security side' was still very much influential in the circles of policy makers in the beginning of 2015. The shift in energy politics has just started. In 2014, it is still difficult to speak only about the economic component of the energy policy. This part has already shown its importance in a difficult situation after the introduction of the first sanctions, but it was not yet clear how to react. The case of Malaysian plane MH17 crash shows a significant importance in analysing 2014-2015 events. Simultaneously with the adoption of the sanctions, the Malaysian plane MH17 crashed over the eastern region of Ukraine[20]. The catastrophe became a significant reason for the adoption of new EU and US sanctions against Russia and one of the official reasons[21]. It also turned out to be a reason for the strengthening

---

[19] Esfandiary, D.(2018). Triple axis: Iran's relations with Russia and China. London; New York: I.B. Tauris.

[20] Preliminary report: Crash involving Malaysia Airlanes Boeing 777-200 flight MH17 / Dutch Safety Board. — Hague, 2014. — P. 7—8. — 34 p.; Приложение 13 к Конвенции о международной гражданской авиации. Расследование авиационных происшествий и инцидентов. — Издание 10-е. — Montréal: Международная организация гражданской авиации, 2010. — С. 3—1. — ISBN 978-92-9231-554-2.

[21] Galbert S. 2015. A year of sanctions against Russia--- now what? : a European assessment of the outcome and future of Russia sanctions. Washington, District of Columbia ; Lanham, Maryland : Center for Strategic & International Studies : Rowman & Littlefield.

of already existent economic sanctions and could not pass unnoticed among Russian politicians and businessmen.

It was these events of 2014 that had a much greater impact on the country's economy than the government could have predicted. Thus, the events of 2014, on the one hand, laid the foundation for the transition to an economic model of energy development. The beginning was the successful reform of the electric power industry, where the market mechanism was already involved. Further, economic sanctions forced the government to look for an alternative for new loans and investment in the energy sector. Here it becomes clear that financing the industry is one of the problems that both business and government need to urgently solve.

In 2015, due to the lack of improvement in the economic situation, it was decided to postpone work on the strategy, especially considering that the European Union has extended the sanctions against Russia for another 6 months[22].

The most significant event turned out to be The United States abolished its 40-year ban on the export of American oil[23]. It was the reaction to this event that showed that it makes sense to start revising the already formed strategy. The first document did not envisage the emergence of a new

---

[22] Annual market turnover of wholesale trade in Russia from 2015 to 2019, by federal district [Website]. (2020, November 20). Retrieved from https://www.statista.com/statistics/1046207/russiawholesale-trade-revenue-by-federal-district/

[23] Langer L., Huppmann D., Holz F. (2016). Lifting the US crude oil export ban: A numerical partial equilibrium analysis. *Energy policy 97.*

influential exporter on the market. The situation has attracted the most attention from politicians and businessmen. A new strong competitor appeared on the oil market and it was necessary to urgently decide what measures could be used to keep the level of Russian oil exports and not suffer large losses. If in the first half of the decade the oil surplus was formed primarily in the United States, crowding out imports, now producers in all countries are struggling to keep their shares. The lifting of the ban significantly affected the amount of oil exported from the US to Europe. The rapid growth in US crude oil exports has made the country one of the key suppliers to the global energy market. Two years later, in 2017, American oil is shipped to dozens of destinations around the world, with a significant portion of exports going to Europe. According to the BP Statistical Review of World Energy 2019[24], Europe imported about 29.2 million tons of oil from the United States in 2018, up from 10.8 million tons in 2017. This represents about 6% of the total oil supply in Europe. This is a challenge for the Russian energy industry, as there is a threat that exports to Europe may soon decrease even more. Maintaining and increasing export supplies - policymakers see this as one of the main tasks for the development of the Russian energy sector in the coming years.

From the events related to military operations, in 2015 The beginning of the military operation in Syria[25] and the Turkish military unit shot down

[24] BP Statistical Review of World Energy 2019, 68th edition

[25] Quirk, P. W. (2017). Russia-Syria Internal Threat Alliance (2010-2016). in P. W. Quirk ed. Great Powers, Weak States, and Insurgency. Cham: Palgrave Macmillan, pp. 179-213.

a military Su-24 fighter. This event immediately affected the cooperation with Turkey in the field of energy.[26]. On May 8, the Russian side announced that it was starting to lay the pipe along the bottom at the expense of its investments since the Turkish side had refused capital investments. The growth of military spending, which reached 4.5% of GDP in 2014 and increased by another 812 billion roubles in 2015, also exerts significant pressure on the Russian economy[27].

Thus, this event was directly reflected in the economic situation. It is worth mentioning here again that the 2014-2015 sanctions concerned the ban on the activities of certain individuals and the cancellation of technological supplies to Russia of the necessary equipment. In the context of the plane crash, it is important that the consequences had an impact on the energy complex, although they were not directly related to it.

Thus, the plane crash is also in the red zone and gets a five-point mark, since it directly affected the industry through sanctions and became another link in the decision to change the direction of energy policy.

2015 ended with another important event, which slowed down the adoption of the new energy doctrine the most. Another domestic political event has been added to the international events: the release of the national

---

[26] Kaynak, A. (2018). From Blue Stream to Turkish Stream an assesment of Turkey's energy dependence on Russia. *Aurum Sosyal Bilimler Dergisi 3(1),* pp.79-90.

[27] Аникин В.И., Сурма И.В. — Национальная безопасность России: новые подходы в меняющемся мире // Вопросы безопасности . – 2016. – № 3. – С. 1 – 18.

security strategy of the Russian Federation[28], where it was announced that the decline in competitiveness and the high dependence of important areas of the economy on the foreign economic agenda is a direct security threat to Russian interests. These new provisions served as an undeniable reaction to the first economic sanctions and the need to respond to them. An urgent decision was made to reorient the basic concept of state security. The emphasis was placed on the possibility of self-satisfaction of basic needs in the condition of impossibility of economic cooperation beneficial for Russia.

Thus, it became clear to policy makers that the direction of energy policy will undergo significant changes in the coming years. National Security Doctrine has challenged many of the provisions in the first draft. Along with previous events: onerous sanctions and the lifting of the ban on oil exports to the United States, it became clear that the strategy should be revised.

After analyzing the main events of 2014 -2015, it becomes clear that the attention of policymakers was riveted to the onset of the economic crisis and sanctions that extended to major companies and banks. The first draft set itself the goal of overcoming the crisis that began in 2014 but was unable to offer quality measures to restore the industry. In 2015, the economy did not begin to recover, and oil prices fell, even more, forcing them to look for new ways to fill the energy hole in the state budget. It was in 2015 that policymakers decided to postpone further consideration of the

[28] On the National Security Strategy of the Russian Federation, [Website]. (2020, November 20). Retrieved from http://kremlin.ru/acts/bank/40391/page/1

document and observe the subsequent development of the situation.

3.2 Years 2016-2017: Contemplation and Adjustment to the Changes

The years 2016 and 2017 were a time of observation and waiting for policy makers. It was during this period that works on the document were terminated and policymakers witnessed how the industry would develop and which direction would be a priority. These two years have shown that during the first years of the crisis, the economic situation in the country has deteriorated significantly according to Rosstat[29]. Thus, 2016 has been the year with the highest poverty rate since 2014. It was in 2016 that the real damage caused by the sanctions became clear. Also, the energy complex of the country has experienced new challenges. In the period of the beginning of isolation and outflow of investments, it turned out to be much more difficult to maintain the development plan, which was approved in the 2030 strategy and in the first draft of 2035.

The economic recovery was slow. Since the sharp downturn in 2014, the financial and economic bloc has managed to almost halve inflation, stabilize the dynamics of the main macroeconomic indicators, carry out a significant privatization deal and attract foreign investment in a large-scale

[29] Share of population with average cash income below the boundary sets based on the actual level of cash income of the population (average, median and modal), in general for Russia and for subjects of the Russian federation for 2016.

“Pivot to the East” policy. It was not clear for the government in which direction to develop the strategy. There were many questions that required clarity. How long will the sanctions last, will the level of hydrocarbon exports return to the pre-crisis level? What will happen to oil prices and exports after the US became an exporter? How will the market change? Is it worth continuing the new economic course towards complete import substitution? These questions worried the government and made it impossible to determine the direction of the new strategy.

Consequently, in December 2016, in his message, President Putin noted that "two years ago we faced serious economic challenges, with an unfavourable situation in world markets, and sanctions." "They tried to force us to dance to someone else's tune, to neglect fundamental national interests,[30]" he recalled. Thus, the President once again confirmed the new course of national interests in security and energy policy - complete independence from external supplies and sources.

Most importantly, it was in 2016, when the government set a new course for energy policy, that the basic needs of the industry emerged. The main reasons for the slowdown in the economy "internal problems" were named. They were a lack of investment resources, modern technologies, professional personnel, and insufficient development of competition. The energy industry was recovering very slowly and suffered heavy losses not only in the oil and gas industry. The countries of the European Union at the end of the year once again extended their sanctions against Russia, but they

[30] On the National Security Strategy of the Russian Federation, [Website]. (2020, November 20). Retrieved from http://kremlin.ru/acts/bank/40391/page/1

did not significantly worsen the economic situation.

Along with the economic situation that had come to a balance but was still considering the future direction, the conflict in Syria continued. Holding a trilateral Russian-Turkish-Iranian meeting at the level of foreign ministers in December and reaching agreements on several important issues related to the future of Syria[31]. The government closely followed the progress of the negotiations, because both Turkey and Sriya are important partners in the energy sector and the further fate of joint projects depends on negotiations with them.

The results of this negotiations meant an increase in the budget for military needs. But already at that moment it became clear that economic benefits were beginning to play a decisive role in Russia's energy activities.

The reorientation towards competitiveness and sustainable growth in the new Foreign Policy Concept will become especially clear. Following the release of the national security strategy and the escalating conflict in Syria, the New Foreign Policy Concept was issued.[32] Russia's foreign policy activity, the document says, is aimed at ensuring the country's security, its sovereignty, and territorial integrity, strengthening the rule of law and

---

[31] Quirk, P. W. (2017). Russia-Syria Internal Threat Alliance (2010-2016). in P. W.Quirk ed. Great Powers, Weak States, and Insurgency. Cham: Palgrave Macmillan, pp. 179-213.

[32] If in the 2013 Concept, the main goal of foreign policy efforts was to strengthen "a strong and authoritative position in the world community, which is most in line with the interests of the Russian Federation as one of the influential and competitive centers of the modern world." The main priority in the field of international security is the fight against terrorism.

democratic institutions; to create favourable external conditions for sustainable growth and increasing the competitiveness of the Russian economy, its technological renewal, raising the level and quality of life of the population; to strengthen Russia's position as one of the influential centres of the modern world. The previous concept was adopted in 2013, and its highest priority was to ensure the protection of the individual, society, and the state.

Other areas of foreign policy in the document include "strengthening Russia's position in the system of world economic relations, preventing discrimination of Russian goods, services and investments," assistance in eliminating hotbeds of tension. Again, the emphasis was on strengthening the economic dimension. The government could not help but pay attention to this fact.

In domestic politics, the consolidation of central authority continued ahead of the upcoming presidential elections in 2018. Personnel changes happened: 23 governors were replaced[33]. As a result of the reshuffle, several people from law enforcement agencies received high positions at once. Strengthening the formal political structure indirectly supported the strengthening of official government policy.

In 2017, the situation in the energy markets stabilized. Oil prices were holding relative to last year's levels, and the military operation in Syria came to an end[34]. It was this that helped to come to the understanding that

[33] It has led to the strengthening of centralized power and the dismantling of the local government system, the weakening of informal institutions.

[34] Dam, N. (2017). Destroying a Nation: The Civil War in Syria. London: I.B. Tauris.

the course, charted in 2016, may prove to be effective in the future. There were no turbulent events that would shake the assumptions that it is worth reorienting exclusively to economic interaction. Significant events include:

Firstly, in the same year, in the Middle East, the attention of Russian policymakers was focused on Saudi Arabia, UAE, Bahrain, Egypt severing diplomatic relations with Qatar. The boycott of Qatar has affected world oil prices. This event was taken into account by the Russian government. Secondly, as for the activities of Russian companies, Gazprom signed an agreement to abolish all restrictions on the re-export of Russian gas to the EU, mainly in Central and Eastern Europe, abolish reservations on destinations[35], and introduce competitive pricing in Bulgaria, Estonia, Latvia, Lithuania, and Poland. This was also a big step for the company in reorganizing its gas business in Europe.

Thirdly, the Russian government has decided to expand its partnership with Iran and has introduced an oil-for-goods program. Iran plans to supply oil to Russia, for which the country will pay with goods and services[36].

Fourthly, in the domestic energy sector, the first Novatek project in Yamal was launched. Yamal LNG is a Russian capacity for the production, liquefaction of natural gas, and the supply of produced liquefied natural gas

---

[35] Archive of Gazprom [Website]. (2020, November 20). Retrieved from https://www.gazprom.com/press/

[36] Faraji D. (2019). Trade openness, political institutions, and military spending (evidence from lifting Iran's sanctions). *Empirical economics 57 (6),* pp. 2013-2041

(LNG) located on the Yamal Peninsula[37]. Approximately 86% of the production will be sent to the Asia-Pacific region.

The four main events show that the priorities of both companies and the state were the expansion of trade and partnerships, as well as the increase in production capacity. Each of the events showed that the economic side and trade ties dominate the modern energy space and that they will help restore the energy industry in crisis. As a result of two years of stabilization, it the end of the year 2017, the Economic security strategy of the Russian Federation for the period up to 2030 was released[38]. This key document laid down the main goals and directions for the future energy strategy. The goals of state policy in the field of ensuring economic security are strengthening the economic sovereignty of the Russian Federation; increasing the economy's resilience to the impact of external and internal challenges and threats; ensuring economic growth; maintaining the scientific and technical potential of economic development at the world level and increasing its competitiveness; maintaining the potential of the domestic defense-industrial complex at the level necessary for solving the problems of military-economic support for the country's defense; raising the level and improving the quality of life of the population.

---

[37] Ritz, R. A. (2018). A Strategic Perspective on Competition between Pipeline Gas and LNG. Cambridge: Energy Policy Research Group.

[38] Decree of the President of the Russian Federation of 13.05.2017 N 208 "On the Strategy of the Economic Security of the Russian Federation for the Period up to 2030» [Website]. (2020, November 20). Retrieved from http://www.consultant.ru/document /cons_doc_LAW_216629/

This document will later form the basis of the new ES-2035. And his goals will become one of the priorities of the future economic policy. As the second chapter has shown, the ES-2035 strategy is aimed precisely at ensuring economic growth and increasing the economy's resilience to external factors. The main provisions of the new energy strategy are technological independence and competitiveness of energy industries (including nuclear energy and coal).

In 2016 and 2017, the government monitored the situation. As a result, prices began to stabilize in the oil and gas sector, Novatek's LNG project received new investments, and the doctrine of economic security was issued. Thus, under the pressure of these events, it was decided to change the course of energy policy. Now policymakers' perception shifted: from the perception of energy politics as a combination of international security and international economic factors to recognizing it as a mix of international and domestic economic factors.

3. 3 Years 2018-2019: Final Abandonment of the Draft and Policy Shifting

The events of 2018 only strengthened the movement in a new direction. After the events of 206-2017, energy policy was seen as a symbiosis of international and domestic economic factors. Now, based on a new look at energy policy and economic security, it was possible to develop a new document. At the end of 2018, work was announced on a new strategy. In this chapter, I will cover the period before starting work on the documents, as

well as the impact on the events of 2019, when the new strategy was already prepared for release.

In 2017, the situation on the global energy markets began to stabilize, and during this time government policymakers were able to find a prevalent direction for the development of the Russian energy industry.

US sanctions on Iran led to a decrease in oil production[39]. New US sanctions against Iran affect key sectors of the country's economy - oil and banking. The US government has banned the export of oil from Iran and business with Iranian oil companies[40].

Thus, oil prices were not stable throughout the year[41], and it was in this situation that government policymakers had to re-write their energy strategy. It was in 2018, after the stabilization of the economic situation and the release of the main security and economic documents, that the new energy policy was finally shaped.

The document was written while in Some oil-producing countries faced with a crisis. In Venezuela (social-economic crisis), Iran, and Angola (depletion of oil fields), there was a decrease in oil production. And the main necessity was seen to be the avoidance of any crisis situations in the

---

[39] Faraji D. (2019). Trade openness, political institutions, and military spending (evidence from lifting Iran's sanctions). *Empirical economics 57 (6),* pp. 2013-2041

[40] Sipri.org. (2019). The US withdrawal from the Iran deal: One year on | SIPRI. [Website]. (2020, November 20). Retrieved from https://www.sipri.org/commentary/expertcomment/2019/us-withdrawal-iran-deal-one-year

[41] The price of Urals crude oil in 2017 increased by 26.6% [Website]. (2020, November 20). Retrieved from https://tass.ru/ekonomika/4861722

industry. Everything should work to improve the economic situation in the country.

Already in 2019, there is an active signing of new contracts and cooperation. Russian companies have shown that safety aspects are far less important than direct economic benefits.

First of all, in the gas industry, Gazprom began to use a new instrument - an electronic trading platform to sell gas to foreign consumers above the volumes established by long-term contracts. Novatek, on the other hand, in coordination with Mitsubishi continued active development of LPG fields on the Yamal Peninsula. Novatek also signed an agreement between CNCP on LNG production in the Arctic. Chinese company now owns 1/3 of the Yamal LNG project[42]. A pipeline 'Power of Siberia' was opened, and gas started to flow down to China via the Chinese section of the pipeline. Moreover, cooperation with China has intensified not only in the gas industry but in the nuclear power industry. Agreements on the peaceful atom between Russia and China. A contract was signed for the construction of the third and fourth units at the Shudaypu NPP. And what is especially important to note Russia became the largest supplier of coal to China - 10% of the country's coal consumption.

Secondly, cooperation expanded not only with China but also with Pakistan and Iran as well[43]. In 2019, a draft agreement was signed with

---

[42] Archive of Novatek [Website]. (2020, November 20). Retrieved from http://www.novatek.ru/en/press/releases/archive/index.php

[43] Rosatom. Soil preparation at the site of the Bushehr-2 NPP (Iran) is ahead of

Pakistan on the north-south gas pipeline (Iran-Pakistan-India gas pipeline). Cooperation with Iran continued in the field of nuclear energy. Negotiations between the head of Rosatom and the vice-president of Iran on the resumption of construction at the Bushehr nuclear power plant.

One of the major failures of the year was Sanctions on the 'Nord Stream 2' gas pipeline. 'Nord Stream 2' is a gas pipeline under construction from Russia to Germany across the Baltic Sea. Although foreign partners verbally support Nord Stream 2, which has come under US sanctions, Russia will have to complete the construction of the gas pipeline only on its own, without foreign partners[44]. This is a serious threat to the Russian economy.

To sum up, 2019 can be considered a successful year for the development of the Russian energy sector. Even though oil prices fell again, other industries - gas, coal, and nuclear - continued to build partners and strengthen economic ties. It is worth noting the growth of coal exports to China, contracts with Pakistan and Iran, as well as the successful LNG project organized by Novatek. It is these successes of the Russian energy industry that policymakers reflected in a new strategy that came out at the end of 2019. Enhancing the country's economic situation, replenishing the budget during a period of relatively stable, but still fluctuating energy prices

---

schedule [Website]. (2020, November 20). Retrieved from https://www.rosatom.ru/journalist/smi-aboutindustry/podgotovka-gruntov-na-meste-aes-busher-2 -iran-idet-soperezheniem-grafika-rosatom

[44] Moniek J., Van de Graaf T. Lost in Regulation: Nord Stream 2 and the Limits of the European Commission's Geo-Economic Power. *Journal of European Integration,* pp. 1-16.

– has become a priority for the country. For this reason, it was decided to focus on increasing the export of hydrocarbons. Other priorities: safety, ecology, development of renewable energy sources, improvement of the leader's country image faded into the background or was entrusted to other industries. Energy policy began to focus exclusively on economic issues: attracting investors, developing new fields, strengthening infrastructure for diversification of export routes, or stabilizing and increasing prices for oil and gas resources.

Therefore, it becomes clear that after a long wait and observation of changes in the global energy sector, the government has drawn conclusions and began to work on rewriting the strategy. The new document reflected all the trends that have happened over these years.

Chapter 4. Conclusion

This paper is devoted to the study of the reasons for the rejection of the first draft of the Energy Strategy of the Russian Federation until 2035. The key question of the work is "why the government decided to abandon the document." The Energy Strategy is a document that the government adopts every five years and indicates the main goals, objectives, and problems in the development of the industry. ES - 2030 was issued and adopted after the 2008 crisis and exactly 5 years later in 2013 the government began preparing a new document. The first draft ES - 2035 was released in 2014 and after a year of public discussions, work on the document was stopped. In 2018, a new draft of the same strategy was announced. The document was published by the government a year later and was approved in the summer of 2020.

In 2014 and 2015, there were major changes that forced policy makers to suspend work on the main document of the energy industry. After the imposition of anti-Russian sanctions and the lifting of the ban on oil exports to the United States, the old goals turned out to be irrelevant. In the context of the crisis, it was decided to suspend work on the document.

Each new strategy supplemented the previous one, set new indicators for production and export, but was kept in the same style: Russia had to become the world leader in the export of hydrocarbons, strengthen its position in the market, attract more investors and develop new fields, but at the same time and wave renewable energy. Little attention was paid to the

last point, but it was not bypassed.

The last draft changed this idea radically. The positions of hydrocarbon exports have strengthened. Coal was added to the standard oil and gas. One of the priority directions for the development of the coal industry is the development of new deposits and an increase in exports. Renewable energy has faded into the background.

On the one hand, it is obvious that the economy's dependence on hydrocarbon exports has increased. On the other hand, in the last document the government presents possible competition between various companies in the field of gas and oil. The monopolization of Gazprom is partially canceled. This is a huge step towards improving the performance of companies and improving the investment climate.

But despite all the positive characteristics of the new strategy, the last draft, as a legal document, is extremely poorly written. He talks about numerical benchmarks for industries and outlines the government's wishes for the energy sector. However, the document does not suggest concrete actions. What needs to be done to reach these benchmarks? How can the industries be developed to achieve the desired performance level? What rules will be used to introduce a competitive market in the field of gas supplies? All these questions remain unanswered. Future oriented document only describes general wishes for the industry.

Reading the text of the document, it seems surprising that it was approved. There is so little specific information in it: only vague formulations

and definitions. Compared to the first draft, the document is more suited to the realities of the modern world. But it definitely lacks specifics.

The work aimed to show how policymakers' perception of goals and priorities for energy politics has changed over the five years. In developing ES – 2030 and ES – 2035, the government relied on international economic and international security goals. However, as the analysis of international and domestic performance has shown, developments in the international and domestic economic sector influenced the decision making the most. But in five years, the outlook of policymakers has changed and in the second draft, they prioritize international and domestic economic objectives. Due to the collapse in oil prices and economic sanctions in 2014–2015, it was decided to temporarily suspend work on ES – 2035, and the adoption of the draft slowed down. Throughout 2016 and 2017, the government watched the events and changes that took place both in Russia and in the world. In 2018, when the crisis became clear, and the industry crisis stopped, the government decided to resume work on the document, but with different goals. With the surges in oil prices and the impossibility of rebuilding the country's economy without even more active export of fossil resources, exports became the top priority. The export and production of coal have increased, cooperation in nuclear energy has increased, and, most importantly, the state has weakened its monopoly in the oil and gas industry. It is these changes that the new strategy reflects. As V. Putin emphasized, “Export is one of the main guarantors of world security,” the president said in his address to the commission when considering the draft of a new doctrine of energy security in 2018.

This work can serve as a starting point for research on the problems of world energy policy. The rapid reorientation of the Russian energy sector and a change in priorities in foreign energy policy can become part of global research on world trends in international politics. During the crisis, Russia had to quickly reorient the energy sector and put the most profitable projects at the head.

Bibliography

Aalto P. (2014). Energy Market Integration and Regional Institutions in East Asia. *Energy Policy 74.*

Alekseev A., Bogoviz A., Goncharenko L., Sybachin S. (2019). A Critical Review of Russia's Energy Strategy in the Period until 2035. *International Journal of Energy Economics and Policy 9(6).*

Baev P. (2008). *Russian energy policy and military power.* New York: Routledge.

Baumeister C., Kilian L. (2016). Forty Years of Oil Price Fluctuations: Why the Price of Oil May Still Surprise Us. *The Journal of economic perspectives 30 (1).*

Bilgin M. (2009). Geopolitics of European natural gas demand: Supplies from Russia, Caspian and the Middle East. *Energy Policy. P.4482-4492.*

Bogoviz A., Ragulina Y., Lobova S., Alekseev A. (2018). Russia's Energy Security Doctrine: Addressing Emerging Challenges and Opportunities. *International Journal of Energy Economics and Policy, 8(5).*

Bouwmeester M.C., Oosterhaven J. (2017). Economic impacts of natural gas flow disruptions between Russia and the EU. *Energy Policy*

106.

Connolly R. (2018). *Russia's response to sanctions: how Western economic statecraft is reshaping political economy in Russia.* Cambridge: Cambridge University Press.78

Didenko N., Skripnuk D. (2014). The impact of energy resources on social development of Russia. *Energy Production and Management in the 21st Century 1,* pp. 151-159.

Dusseault D. (2010). Elite bargaining and the evolution of centre-periphery relations in post-Soviet Russia: A comparative analysis (Academic Dissertation). *Faculty of Social Sciences of the University.*

Fairclough N. (2001). *The discourse of New Labour: Critical discourse analysis.* London: Sage Publications pp. 229–266.

Frondel M., Horvath M. (2019). The U.S. Fracking Boom: Impact on Oil Prices. *The Energy journal (4).*

Galbert S. (2015). *A year of sanctions against Russia--- now what? A European assessment of the outcome and future of Russia sanctions.* Washington, District of Columbia; Lanham, Maryland: Center for Strategic & International Studies: Rowman & Littlefield.

Gustafson T. (2012). *Weel of Fortune. The Battle for Oil and Power in Russia. Massachusetts: The Belknap.* Press of Harvard University Press, Cambridge.

Haas M. (2010). *Russia's foreign security policy in the 21st century.* New York: Routledge.

Harris, S. (2008). *Institutionalising Northeast Asia: The energy market. Working Paper.* Canberra: Australian National University Department of International Relations.

Henderson J., Mitrova T. (2015). *The Political and Commercial dynamics of Russia's Gas Export Strategy.* The Oxford Institute for Energy Studies.

Hofer A. (2018). The 'Curiouser and Curiouser' Legal Nature of Non-UN Sanctions: The Case of the US Sanctions against Russia. *Journal of conflict & security law 23.*

Holloway N. (2016). *Federal income from crude oil and natural gas: issues and options.* New York: Novinka.

Hogselius P. (2013). R*ed Gas: Russia and the Origins of European Energy Dependence.* New York: Palgrave Macmillan.

Hughes D. (2014). *Drilling Deeper: A Reality Check on U.S. Government Forecasts for a Lasting Tight Oil & Shale Gas Boom.* Carbon Institute.

Huotari J. (2011). Energy policy and (energy security) as a part of Russian foreign policy. *Nordia Geographical Publications 40(4).*

Kaiser M., Pulsipher A. (2007). A review of the oil and gas sector in

Kazakhstan. *Energy Policy 35.*

Kalashnikov V., Gulidov R., Ognev A. (2011). Energy Sector of the Russian Far East: Current Status and Scenarios for the Future. *Energy Policy 39.*

Kropatcheva E. (2011). Playing Both Ends Against the Middle: Russia's Geopolitical Energy Games with the EU and Ukraine. *Geopolitics 16.3.*

Kulachinskaya A., Akhmetova I., Kulkova V., Ilyashenko S. (2020). The challenge of the energy sector of Russia during the 2020 COVID-19 pandemic through the example of the Republic of Tatarstan: discussion on the change of open innovation in the energy sector. *Journal of Open Innovation: Technology, Market, and Complexity 6, 60.*

Kuznetsova N., Kuznetsova E. (2015). Energy strategy of the Russian Federation. *Mediterranean Journal of Social Sciences 6(5).*

Langer L., Huppmann D., Holz F. (2016). Lifting the US crude oil export ban: A numerical partial equilibrium analysis. *Energy policy* 97.

Lakhno P.G. (2010). Legal foundations of the state energy policy of Russia, the European Union, the Shanghai Cooperation Organization, member states of the Euro-Asian Economic Community. Business, management and law. *Scientific and Practical Economics and Law Journal 1.*

Larsson R. (2006). *Russia's Energy Policy: Security Dimensions and*

Russia's Reliability as an Energy Supplier. Stockholm: FOI – Swedish Defence Research Agency.

Legvold R. (2007). *Russian foreign policy in the twenty-first century and the shadow of the past.* New York: Columbia university press.

Makarov A. (2009). Science and Technology Forecasts and Problems of Russia's Energy Development up to 2030. *Herald of the Russian Academy of Sciences 2.*

Mau V., Ulyukaev A. (2015). Global crisis and challenges for Russian economic development. *Russian Journal of Economics 1(1),* pp. 4-29.

Mitrova T., Melnikov Y. (2019). Energy transition in Russia. *Energy Transitions 3, pp. 73-80.*

Mitrova T., Yermakov V. (2019). Russia's Energy Strategy-2035: Struggling to Remain Relevant, *Paris: IFRI Russia/NIS Center 14. 81.*

Morozov V. (2008). Energy Dialogue and the Future of Russia: Politics and Economics in the Struggle for Europe. *The EU-Russian Energy Dialogue: Europe's Future Energy Security.*

Mohapatra N. (2013). *Energy Security and Russia's Foreign Policy.* New Delhi: Jawaharlal Nehru University.

Ocelak, P., Osička J. (2014). The framing of unconventional natural gas resources in the foreign energy policy discourse of the Russian

Federation. *Energy Policy 72,* pp. 97-109.

Opdahl I. (2013). Russia's energy relations with the Former Soviet Union through the lens of Russian companies: Cross-border legacies, limited access at home. *Proceedings of the Paper presented at the 13th Annual Aleksanteri Conference in Helsinki "Russia and the World", Panel 2C "Russia's energy foreign policy between Eastern and Western vector" 24.*

Orttung R., Overland I. (2011). A limited toolbox: Explaining the constraints on Russia's foreign energy policy. *Journal of Eurasian Studies 2(1),* pp. 74-85.

Russell M. (2018). Seven Economic Challenges for Russia: Breaking Out of Stagnation? Retrieved from [Website] (2020, October 16) http://www.europarl.europa.eu/RegData/ etudes/IDAN/2018/625138/EPRS_IDA(2018)625138_EN.pdf

Rutland, P. (2008). Russia as an energy superpower. *New Political Economy 13(2)*, pp. 203-210.

O'Neill D. (2014). Risky business: The political economy of Chinese investment in Kazakhstan. *Journal of Eurasian Studies 5.*

Orttung R., Perovic J., Pleines H., Hans-Henning Schroder H.H. (2008). *Russia's Energy Sector between Politics and Business.* Bremen: Working Papers of the Research Centre for East European Studies.
Perovic J., Orttung R., Wenger A. (2009). *Russian Energy Power and Foreign Relations.* New York: Routledge.

Rasoulinezhad E., Taghizadeh-Hesary F., Sung J., Panthamit N. (2020). Geopolitical Risk and Energy Transition in Russia: Evidence from ARDL Bounds Testing Method. *Sustainability 12(7).*

Reed C. (2010). Russia to Begin Tianwan Nuclear Power Reactors Construction Next Year. Nuclearstreet.com. Retrieved from http://nuclearstreet.com/nuclear_power_industry_news/b/nuclear_power_news/archive/2010/09/27/Russia- to-Begin-Tianwan-Nuclear-Power-Reactors-Construction-Next- Year-092703#.XfnVXS2B1QI [Website] (2020, October 16)

Rossbach N. (2018). *The geopolitics of Russian energy – gas, oil and the energy security of tomorrow.* Stockholm: Swedish Defence Research Agency.

Sasana H., Ghozali I. (2017). The impact of fossil and renewable energy consumption on the economic growth in Brazil, Russia, India, China and South Africa. *International Journal of Energy Economics and Policy 7(3),* pp. 194-200.

Shadrina E. (2010). Russia's foreign energy policy: Norms, ideas and driving dynamics. *PEI Electronic Publications 18.*

Simola H., Solanko L. (2017). Overview of Russia's oil and gas sector. *BOFIT Policy Brief 5*, pp. 1-32.

Smith K. (2008). *Russian Energy Policy and its Challenge to Western Policy Makers.* Washington, D.C.: Senior Associate Center for Strategic

and International Studies.

Stern J.P. (2005). *The Future of Russian Gas and Gazprom.* Oxford University Press.

Stulberg A. (2012). Strategic bargaining and pipeline politics: Confronting the credible commitment problem in Eurasian energy transit. *Review of International Political Economy 19:5.*

Thorun C. (2009). *Explaining change in Russian foreign policy: the role of ideas in Post-Soviet Russia's conduct towards the West.* New York: Palgrave Macmillan.

Timilsina G., Elsevier B. (2015). Oil prices and the global economy: A general equilibrium analysis. *Energy economics 49.*

Tkachenko S. (2008). Actors in Russia's Energy Policy towards the EU. *The EU - Russian Energy Dialogue: Europe's Future Energy Security.*

Torkunov A. (2018). *Russia and the United States in the evolving world order.* Moscow: MGIMO University.

Tracey G. (2016). Russia, Eurasia and the New Geopolitics of Energy: Confrontation and Consolidation. Edited by Matthew Sussex and Roger E. Kanet. *International Affairs 92.5.*

Vasilyeva N., Lagutina M. (2016). *The Russian project of Eurasian integration.* London: Lexington books.

Weible C., Heikkila T., Ingold K., Fischer M. (2016). *Policy Debates on Hydraulic Fracturing: Comparing Coalition Politics in North America and Europe.* New York : Palgrave Macmillan.

Wilson J.D. (2015). Resource powers? Minerals, energy and the rise of the BRICS. *Third World Quarterly 36(2)*, pp. 223-239.

Zhiznin S. (2010). Energy in the Modern World and International Energy Policy (geopolitics and economics). *Balt. reg.1.*

Zudin A. (2013). Business and the state in Russia: an attempt at applying the approach of North- Wallis-Weingast. Article 1. Stages in the development of Russian business association. *Obshchestvennye nauki i sovremennost' 2*, pp. 15–31.

Институту энергетических исследований РАН – 25 лет. 2010. Под ред. Макарова А. Москва: ИНЭИ РАН.

Евроатлантическое пространство безопасности. 2011. Под ред. Дынкина А., Иванова С. Москва: ЛЕНАНД.

Акиндинова Н. В., Ясин Е. Г. 2015. Валютный кризис и политика Центрального банка // Новый этап развития экономики в постсоветской России. — Москва.: ВШЭ.

Дробот Е., Батарин И., Пекки В. 2017. "Анализ условий внешней торговли России и стран Запада в условиях санкционных войн." Экономические отношения, Т. 7. No 1.

Ергин Д. Добыча: Всемирная история борьбы за нефть, деньги и власть. М.: Альпина Паблишер, 2011.

Жизнин С., Энергетическая дипломатия России: экономика, политика, практика. М.: ООО «Ист Брук», 2005.

Пантелей Д. 2017. “Особенности международного сотрудничества в области атомной энергетики на современном этапе.” МИР (Модернизация. Инновации. Развитие), Т. 8. No 3.

Sipri.org. (2019). The US withdrawal from the Iran deal: One year on | SIPRI. [online] Available at: https://www.sipri.org/commentary/expert-comment/2019/us-withdrawal-iran-deal-one-year

Preliminary report: Crash involving Malaysia Airlanes Boeing 777-200 flight MH17 / Dutch Safety Board. — Hague, 2014. — P. 7—8. — 34 p.

Приложение 13 к Конвенции о международной гражданской авиации. Расследование авиационных происшествий и инцидентов. — Издание 10-е. — Montréal: Международная организация гражданской авиации, 2010. — С. 3—1. — ISBN 978-92-9231-554-2.

BP 2014 - BP Energy Outlook 2035. January 2014. Available from: www.bpp.com/energyoutlook#BPstats (Last access 16.10.20)

Decree of the President of the Russian Federation of November 17, 92 No. 1403 on the peculiarities of privatization and transformation into

joint-stock companies of state enterprises, production and scientific-production associations of the oil, oil refining industry and oil products supply. Available from http://www.lawrussia.ru/texts/legal_383/doc38a115x748.htm. (Last access 16.10.2020)

Energy Strategy of *Russia* for the period up to 2020. Available from www.energystrategy.ru
(Last Access 16.10.2020)

Energy Strategy of *Russia* for the period up to 2030. Available from www.energystrategy.ru

(Last Access 16.10.2020)

The Draft Energy Strategy of *Russia* for the period up to 2035. Available from www.energystrategy.ru

(Last Access 16.10.2020)

Foreign Policy Concept of the Russian Federation (approved by President of the Russian Federation Vladimir Putin on November 30, 2016). Available from http://www.mid.ru/en/foreign_policy/official_documents/-/asset_publisher/CptICkB6BZ29/content/id/2542248 (Last Access 16.10.2020)

Law of the Russian Federation dated March 5, 1992 No. 2446-1 "On Security" (Закон Россий ской Федерации от 5 марта 1992 года № 2446-1 «О безопасности».) Available from http://www.consultant.ru/document/cons_doc_LAW_376/ (Last access 16.10.2020)

Meeting on the draft Energy Strategy of Russia for the period until 2035. Available from http://government.ru/news/17269/ (Last access 16.10.2020)

Ministry of Energy of Russian Federation // Концептуальный подход к новой правовой базе международного сотрудничества в сфере энергетики. 04.05.09. Available from http://minenergo.gov.ru/press/most_important/1454.html. (Last access 16.10.2020)

The results of the Cabinet of Ministers meeting on April 11, 2019. Available from https://tass.ru/ekonomika/6327050 (Last access: 16.10.2020)

Theses of Minister of Energy Novak A.V. Speech “Priorities of the Russian energy policy” at Brookings, USA, December 6, 2013 and Draft Energy Strategy of the Russian Federation to 2035. Available from http: //minenergo. gov.ru/documents/razrabotka/17481 (Last access: 16.10.2020)

Appendix

Table 1. Comparison between Four Existing Energy Strategies

	Strategy 2020	Strategy 2030	Strategy 2035 (draft)	Strategy 2035 (final version)
Main Goals	Economic growth and improvement of the quality of life through the efficient use of energy resources and the potential of the fuel and energy complex.	Sustainable economic growth. Maintaining Russia's economic growth by creating a sustainable energy sector that meets the needs of the economy. Strengthening foreign economic status.	Sustaining Russia's position in global energy market. Market diversification with a significantly higher share of Asian markets. Energy availability and affordability for domestic consumers.	Energy security of the country – especially the Crimean Federal District and the Kaliningrad Region. Transformation of the territorial and production structure of the fuel and energy

			Strong reduction in energy intensity and emissions. Introducing of renewable energy systems .	complex, taking into account the priorities and regional development of Russia. Technological independence of the energy sector. Training of qualified personnel and development of the social sphere of the fuel and

				energy complex.
Regional Policy	Creation of a single energy space in the country through the development of interregional markets and infrastructure. Optimization of the regional supply and demand system. Development of new large gas	Coordination of federal and regional programs for energy and socio-economic development. Implementation of innovative and capital-intensive energy projects in ESFE that would be export-oriented.	Development of infrastructure in the North Caucasus, development of the Arctic zone and socio-economic development of the Far East. A special emphasis on increasing production and deepening processing of all types of energy resources in the Arctic zone, Eastern Siberia and the Far East	Focus on developing ESFE for the growth of the Russian economy and increased exports. Development of internal competition and increased investment. Stimulating and supporting innovations in the fuel and energy

	production centres in ESFE. Gas infrastructure development with a focus on ESFE.		Particular attention is paid to regional energy needs.	complex. Development of new oil and gas regions. Large-scale development of the Arctic.
Foreign National Policy	Strengthening positions in the global energy markets. Effective use of the export potential of the fuel	Strengthening Russia's position in the global energy markets by increasing competitiveness. Diversification of exports, both	Adaptation of the fuel and energy complex to new development trends. Strengthening positions in the global LNG market.	Enhancing Russia's competitiveness in world markets. Construction of transport infrastructure to diversify sales

	and energy complex. Increasing competitiveness. Using the potential of Asia Pacific Market.	geographic and product-wise. Promotion of the idea of a common Eurasian energy market. The volatility of prices in the world energy markets as the main problem.	Stable energy relationships with traditional partners. Adaptation to changes in the European market. Fast entrance to the Asia Pacific markets and strengthening of energy cooperation with Asian partners. Oil exports 32%, gas exports 31%.	markets. Formation of common Eurasian Markets. Legal registration of the continental shelf and strengthening of international cooperation in the Arctic. The main problem is the 2014 crisis and a

			Completion of gas negotiations with China. The main problem is increased global competition.	steady drop in oil prices.

Table 2. Comparison table of the two ES-2035

	Energy Strategy 2035 (Draft)	Energy Strategy 2035 Accepted
Identified Issues	The fundamental interdependence of energy development and national security. Russia occupies a unique place, but this may change by the 30s and 40s.	2014 economic crisis and sanctions. Steady decline in oil prices.
Domestic Issues	- Insufficient demand in the domestic market. - Dependence of the fuel and energy complex on imported technologies. - Investment deficit. - The presence of market and	- Low growth rates and the current recession of the Russian economy. - Deterioration of the resource base of the fuel industries. - Technological lag of the Russian fuel and energy complex.

	non-market relations (for example, subsidies). - Problems of scientific and technological development. - Imbalance in the location of centres for the production and consumption of energy resources (the problem of transportation).	- High deterioration of infrastructure. - Dependence on external unstable energy markets. - Limited opportunities to attract finance.
International Issues	- Uncertainty of external conditions and factors. - The strategy devotes several pages to predicting how the global energy market will behave. - The long-term nature of the sanctions launched in 2014.	- Exports to Europe are narrowing - Limited to Asia, lack of infrastructure - Oil price fell, but will recover Required: - Flexibility of export policy. - Diversification of supply sources (all forces here). - Cost reduction of Russian

		companies.
Goals	Promoting the social and economic development of Russia and strengthening the position of a leader in the global energy sector.	Transition through structural transformation to a new level of socio-economic development.
Strategic development tasks (how to achieve goals)	- Facing the needs of socio-economic development of Russia. - Regional energy development. - Technological independence of the fuel and energy complex. - Development of international relations in the field of energy.	- Meeting the needs of socio-economic development (security, geographic development, personnel, technology). - Transformation of the fuel and energy complex, diversification of export flows (development of Eastern Siberia and the Far East). - Technological independence of the energy sector (cooperation, attraction of investments).
Priorities	- Ensuring the country's energy	- Ensuring energy security.

	security. - Satisfaction of domestic demand. - Transition to environmentally friendly and resource-saving energy. - Rational use. - Maximum possible use of Russian equipment. - Improving the quality of management.	- Stimulation of innovative activity in the fuel and energy complex. - Minimization of negative impact on the environment. - Development of competition. -Increasing efficiency. - Diversification of export directions. - Development of infrastructure in Eastern Siberia and the Far East.
Stages of Development	First stage: Until 2024 Second Stage: 2025-2035	First Stage: Until 2020 - overcome crisis Second Stage: 2021-2035 - further development (regional projects Yamal, Siberia, Far East)
Industries		
Oil Industry	New oil pipelines put into	Problems:

	operation Problems: - increase in the cost of production - the need for new technologies - incompleteness of taxation mechanisms - trade in surrogate fuel in the domestic market Tasks: - stable production - satisfaction of domestic demand Measures: - stimulating development - government support (tax)	- low prices - decrease in external demand for oil - increase in the cost of production - deterioration in the quality of produced oil Tasks - stable production - modernization of the industry - increasing the quality and quantity of oil - development of the oil products industry - increase in supplies (APR market)

	- smoothing of price fluctuations - improvement of technologies and processing efficiency	Measures: 1. Improving the tax regime 2. Development of an exchange for the sale of oil 3. Improvement of oil refineries 4. Improving the quality of fuel and processing technologies; oil quality monitoring 5. State support for small and medium-sized companies 6. Attracting investments
Gas Industry	The infrastructure of gas pipelines is being developed LNG production started Increasing the level of gasification of the country Problems:	Increased regional production (Yamal, Siberia, Sakhalin), but exports and production declined. Problems: - Growth in production and transportation costs

	- Increased production costs - No domestic gas market - No legal regulations for LNG Tasks: - satisfaction of domestic demand - development of LNG production Measures: - price regulation - financial transparency of Gazprom's monopoly activities - government regulation in transportation - non-discriminatory access to transportation services - elimination of subsidies - creation of a common EAEU	- Falling demand - Increased competition - Sanctions Tasks: - development of new deposits - development of Russian technologies - stimulating consumption - gasification of regions - Formation of a competitive market (important): level playing field and fair competition. BUT not for export, it is better to avoid competition between Russian companies in the world market. The full functions of Gazprom will be preserved.

	market	Measures: Adoption of new laws, elimination of subsidies, sale of gas on exchanges, improvement of government regulation.
Coal Industry	Equipped with high-performance technology New developments take place Increase in exports to Asia-Pacific countries Transport infrastructure developed Problems: - decrease in domestic demand - an increase in production costs - bandwidth limitations	Extraction and exports increased, and household consumption fell. Calls: - Increased competition - Falling demand Tasks: - Make coal competitive - Development of new industries (Yakutia, Tuva, Transbaikalia)

	- campaign against the use of coal Tasks: - satisfaction of domestic demand - strengthening of positions in the world market Measures: - introduction of technologies and improvement of product quality - decommissioning of enterprises with low productivity - modernization of equipment - development of railway infra-structure	Measures: - State support of projects, but liquidation of unpromising enter-prises - Improving taxation, transport structure and mining technologies - Environmental protection
Electric Power & Heat Power	Production increases New energy supply facilities	Excellent water resources

	appear (for example, for the 2014 Olympics in Sochi) Domestic demand growth Problems: - low payment discipline of consumers - pricing and lack of competition - maintaining subsidies - insufficient level of automation Heat power engineering is highlighted as a separate item. The main problem is the lack of price regulation rules. The main task is to increase the reliability and quality of power	Problems: - depreciation of equipment - price regulation, to make them available Tasks: - disposal of old equipment - integration into the single economic space of the EAEU Measures: - development of competition and state control - strengthening the role of the consumer, price regulation, application of the "alternative boiler house" method

	supply to a level comparable with the best foreign analogues. Measures: - planning system and elimination of subsidies - capacity regulation - demand management and strengthening the role of consumers in the market - quality control	
Nuclear Power	Production increased Active assistance in construction to foreign partners (India, China, Belarus, Bangladesh, etc.) Joint projects for uranium mining Problems:	Increase in capacity and power generation Construction of new units in Russia and abroad (Iran, India, China) Problems:

	- high costs of security - a small share of uranium in the reserves of the Russian Federation Tasks: - increased efficiency - development of new technologies for operating reactors	- expensive - the need for security - limited raw materials - the need for disposal Tasks: - increasing competitiveness - increase in production capacity - improvement of fast reactors - increase in exports Measures: - development of raw materials and technology - ensuring supplies of equipment - increase in power generation - technology export

		Forecast: increase in the share of nuclear power
Renewable Energy	Problems: long construction time and lack of a legal framework. Objective: development of energy saving and increasing the energy efficiency of the fuel and energy complex Measures: - development of legal and tax base - use of budget funds - experience exchange - curbing the growth of greenhouse gas emissions	Problem: Low economic competitiveness. Unjustifiably low share of the use of local fuels (peat, forest). Tasks: - new generating capacities - development of scientific base Solution: production stimulation, investment, support for use Measures: market launch and development of scientific and technical base.
Subsoil Usage (Недропользование)	Problems:	Current condition of oil industry

	- a small number of fields with effective reserves - low investment level - backwardness of domestic technologies Efficiency of subsoil use is a strategic task! Measures: - government support for development (for example, geological exploration) - improving the legal framework and simplifying the development	basis allows it to consist current level of production. For gas industry, production level can grow. Problems: - there are no large explored hydrocarbon deposits - low investment level - high level of dependence on foreign technologies Tasks: -providing conditions for the reproduction of raw materials - expansion of search operations - development of the service market

		Measures: - increased funding and government monitoring - support of independent companies - development of transport infrastructure
Energy Saving	Energy intensity has decreased, but there is potential for improvement Challenges: investment deficit and ineffective government measures	Lack of investment and increased global competition, therefore, it is necessary to improve the efficiency of resource use. Objective: to improve the efficiency of resource use and maximize the existing potential Measures: - stimulation of taxes and the use

		of budget funds - to encourage companies to use the best technologies - implementation of legislation - training of specialists
Ecology	Measures: - toughened environmental requirements - work on the cultivation of land - stimulation of consumption and production of ecological fuel	Objective: to counteract climate change and contain negative impacts on mining and production. Measures: - monitoring and proper disposal - creation of clean production technologies and nuclear energy
Import Substitution	Not highlighted as a separate topic but is part of scientific and technical activities.	Tasks: - creation of a state mechanism for import-substitution - formation of our own scientific and technical base

		Measures: - tax regulation and lending, which stimulates the use of domestic equipment - production localization - formation of educational clusters and training centres
Scientific and Technical Activities	Tasks: - development of domestic potential - increasing innovation - increasing competitiveness Measures: - creation of scientific centers, places for testing new technologies	The innovative re-equipment of the Russian oil and gas complex is becoming the only way to maintain its role and competitiveness in world markets. Tasks: - no scientific groundwork - underfunding - companies do not support

	- support for local production - support for the localization of foreign technologies - the international cooperation - accelerated import substitution is highlighted with a separate main task	domestic production - lack of interest in innovation - poor representation of Russia in innovation centers Measures: - development of national technologies and industry centers - base modernization, efficiency assessment
Social Sphere	The main task is social partnership in the fuel and energy sector and in the labor market. A separate problem is the training of qualified personnel. Measures: - labor market monitoring	It is necessary to form a mechanism that effectively counteracts the general deterioration of the demographic situation on the labor market, high staff turnover and a shortage of highly qualified specialists.

	- competitive salary - control over the implementation of norms - monitoring of interaction between employers and employees	This requires cooperation between the state, companies and educational organizations.
International Cooperation	Russian foreign energy policy is aimed at strengthening the country's position as one of the leaders in the world energy market. Tasks: - increasing the efficiency of participation in the global energy agenda - export support Measures: - expansion of Russian	Tasks: 1. Promotion of the development of new forms of energy business 2. Coordination of external energy policy 3. Formation of external energy markets of the Eurasian Economic Union Measures: - Expansion of cooperation formats (BRICS, SCO, etc.) - Dialogue with the EU

	participation in international activities - formation of common markets - cooperation with OPEC / non-OPEC - participation in international negotiations - promoting a favorable image of the Russian Federation - participation in the work of specialized organizations - export diversification - support of Russian companies abroad	- Dialogue with Asian consumers - Participation in international negotiations - Improving the stability of oil markets - Export of nuclear technologies - Favorable export tariffs - Support for Russian companies while working abroad - Participation in technology development projects - Environmental safety - Legal registration of the Arctic - Promotion of Russian oil - Transparency of Russian politics

국문 초록

본 논문은 2035년까지 러시아 에너지 전략의 첫 번째 드래프트가 거부된 이유를 연구한다. 핵심 질문은 정부가 이 문서의 첫 드래프트를 포기하기로 한 이유에 대한 것이다. 에너지 전략이라는 문서에는 정부가 5년마다 채택하는 문서로 에너지 발전의 주요 목표 및 문제를 나타낸다. 러시아의 에너지 정책이 만들어지는 핵심 문서 중 하나라고 보면 된다.

2장에서는 문서의 드래프트 두 가지를 비교한다. 첫 번째 드래프트는 특히 탄화수소 수출의 선두 주자로서 세계 에너지 시장에서 러시아의 지배에 초점을 맞추고 있다고 판단한다. 두 번째 드래프트는 에너지 자원이 러시아 경제의 주요 연결 고리의 역할로 남아 있으며 다른 국가와의 관계에 영향을 받지 않아야 한다고 밝힌다.

3장에서는 정책 입안자들이 에너지 정책을 변경하고 드래프트를 포기하는 결정에 영향을 미친 사건을 설명한다. 따라서 이 연구는 2014년부터 2018년까지 러시아 정책 입안자들에게 에너지 안보의 의미가 바뀌었다고 결론을 내린다. 안보적인 측면보다는 경제적인 측면, 국제적 측면보다는 국내적 측면이 더 중요해졌다고 볼 수 있다. 즉, 탄화수소 수출에 의존하는 국가에서 외부 공급으로부터의 독립과 지역 발전의 필요성을 깨닫는 것으로 바뀌었다고 주장할 수 있다. 문서의 주요 사항을 살펴보면 에너지의 개발 전략이 어떻게 변경되었는지 볼 수 있다.

주요어: 에너지 정책, 러시아 정치, 러시아 에너지 전략 2035, 러시아 경제 개발, 러시아 안보 정책 변화

학번: 2016-28922