

ENVIRONMENT IN TIMES OF WAR

CLIMATE AND ENERGY CHALLENGES IN THE POST-SOVIET REGION

edited by **Aldo Ferrari** and **Eleonora Tafuro Ambrosetti**
introduction by **Paolo Magri**



ISPI

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Acronyms

AC	Arctic Council
ACAP	Arctic Contaminants Action Program
AMAP	Arctic Monitoring and Assessment Program
AZRF	Arctic Zone of the Russian Federation
BRI	Belt and Road Initiative
CA	Central Asia
CADGAT	Central Asia Data-Gathering and Analysis Team
CBAM	Carbon Border Adjustment Mechanism (EU)
CIS	Commonwealth of Independent States
CLCS	Commission on the Limits of the Continental Shelf (UN)
COP	Conference of Parties
CSOs	Civil Society Organisations
DRC	Democratic Republic of Congo
EAEU	Eurasian Economic Union
EaP	EU-Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EEU	Eurasian Economic Union
EEXs	Exclusive Economic Zones
EGD	European Green Deal

EPA	Environmental Protection Agency (US)
ESG	environmental, social and governance
EU	European Union
FAO	Food and Agricultural Organization (UN)
FAS	Foreign Agricultural Service (US)
FSB	Federal'naja služba bezopasnosti (Federal Security Service) (Russian Federation)
G20	Group of Twenty (19 countries and EU)
GDP	Gross Domestic Product
GHG	greenhouse gas
HFO	Heavy Fuel Oil
IEA	International Energy Agency
IMO	International Maritime Organization (UN)
IPC	Integrated Food Security Phase Classification
IPCC	Intergovernmental Panel on Climate Change (UN)
IWRM	Institute Integrated Water Resource Management
LNG	liquefied natural gas
MENA	Middle East and North Africa
MOSAiC	Multidisciplinary Drifting Observatory for the Study of Arctic Climate
NABOS	Nansen and Amundsen Basins Observational System
NATO	North Atlantic Treaty Organization
NGOs	Non Governative Organizations
NLR	Northern Latitudinal Railway
NSR	Northern Sea Route
OECD	Organization for Economic Co-operation and Development

OPEC	Organization of the Petroleum Exporting Countries
OPEC+	Organization of the Petroleum Exporting Countries (plus Russia)
PoU	Prevalence of Undernourishment
R&D	Research and Development
RF	Russian Federation
RUSALCA	Russian-American Long-term Census of the Arctic
SAR	search and rescue
UK	United Kingdom
UN	United Nations
UNCLOS	UN Convention on the Law of the Sea
US	United States of America
USSR	Union of Soviet Socialist Republics
WFP	World Food Programme (UN)

Introduction

Since February, Russia's invasion of Ukraine has upended our world. In doing so, it has also upended ISPI's editorial plans.

This is our last Report to have been commissioned before the war started. It is therefore a tragic irony that it deals with environmental problems in the post-Soviet region. And it is a testament to how unpredictable the invasion was until late last year, and how unprecedented its effects, that the Report does not touch upon hydrocarbon resources apart from a single chapter.

Already in 2021, but especially since the invasion, fossil fuels prices in Europe and in the world have skyrocketed. Crude oil, which in January 2021 hovered at around 50 dollars per barrel (for Brent), at the time of writing is aiming for 130. The spot price for natural gas in Europe has increased even more dramatically, from around 20 €/MWh (Dutch TTF) in January 2021 to 210 in early March, and now hovers at around 95 or five times higher than "normal".

For Russia, the rise in price of fossil fuels that preceded the invasion, and its strengthening and long-term support elicited by the invasion and by Europe's reaction (which, for the best part of the first three months since the invasion, consisted in European companies' self-sanctioning, i.e. actively avoiding Russian fossil fuels) has made it clearer than ever that a big share of Russia's public budget and external revenues depend on the international sale of hydrocarbons.

This could well prove to be a liability in the long term. However, in the short term it has allowed Russia to shelter its economy from the most immediate impact of sanctions. Over the past twelve months, Russia's revenues from the sale of fossil fuels have skyrocketed, more than tripling compared to pre-pandemic times. But the necessity of the transition is still on policymakers' minds. On the one hand, this is because Europe itself appears to be very determined to wean itself off Russian fossil fuels, and therefore in absence of alternative revenue sources short-term gains could well transform into long-term pain. On the other hand, Western sanctions on high-tech and energy-related technologies could make it increasingly difficult for Russia to continue to expand its hydrocarbon production in the future.

Apart from the imperatives of the energy transition, and the paradoxes of an oil- and natural-gas-dependent world, Russia's invasion brought to the forefront other environmental problems in the region. For one, it has shown how the Chernobyl disaster 36 years ago can still weigh on current events, as shown by the Russian capture of the plant and the region around it in March of this year, and by the frequent calls by the International Atomic Energy Agency (IAEA) to ensure the safety and security of Ukraine's nuclear plants.

From Europe's point of view, the dilemma associated with the green transition (how to make the energy system more sustainable, while keeping energy prices affordable to EU consumers and avoiding losing international competitiveness) has become a trilemma, with the necessity of decoupling from Russia complicating matters further. However, Russia's invasion has also complicated plans to help countries in the post-Soviet region address their domestic or international environmental problems, as resources and interest risk being redirected towards the effects of the invasion itself.

This is why this Report, which has been extensively reviewed by its authors in the light of the invasion, remains relevant today: because it aims to show that the post-Soviet region is

home to many environmental challenges that are too often neglected. Some of these challenges, perhaps, could even offer avenues for international collaboration in the future, opening up one path for the de-escalation of political tensions between Russia and the West.

Richard Sakwa opens the volume with a reflection on Russia's "green shift" and its significance both for the country and the larger region. After a long period of ambivalence if not outright denial about climate change, in the early 2020s Russia radically changed its stance. This was due to internal factors (Russia's vulnerability to extreme weather and climatic events) as well as external ones, above all the European Union's green agenda and carbon taxes, which are set to shrink future EU demand for Russia's fossil fuels. Hence, Russia devised new energy and climate strategies, at the same time seeking to maintain its position as one of the world's leading energy exporters and its competitive economic advantage. Russia's invasion of Ukraine in February 2022 changed it all: Western powers' decarbonisation efforts, plans to reduce imports from Russia and energy-related sanctions put the entire green shift in question.

Another casualty of the war seems to be the EU-Russia "green" cooperation, which had previously raised many hopes. Marco Siddi and Eleonora Tafuro Ambrosetti engage with this issue and the EU-Russia energy relationship at large. Following decades of trade and growing interconnections, thanks to which Moscow became the EU's main external provider of oil, natural gas, and coal, two highly significant developments are heavily impacting the relationship: the EU's own decarbonisation agenda and the unprecedented tensions following Moscow's invasion of Ukraine. While it is still unclear whether the EU will manage to break free from its energy dependence on Russia, the prospects of a possible cooperation on climate issues look bleak. This spells trouble not just for Russia, but for the whole world.

The Russo-Ukrainian war is also affecting the world's food security. This has become a worrying issue due to climate change, geopolitical shocks – such as conflicts and instabilities,

and borders closure due to the pandemic – as well as long-term trends such as a growing population at the global level and shifting patterns of food consumption (“protein diet”, increasing food waste). In her chapter, Elena Maslova analyses the importance of Russia as a global actor in the food security system and the impact of the invasion for food security. Before the invasion, Russia (16%) and Ukraine (10%) accounted for around 26% of world wheat exports and about half of the world’s sunflower oil export market. Maslova argues that the conflict entails, among losses of life and other primary effects, a “great decoupling” between Russia and the West, where food “weaponisation” could take new forms.

How will the war affect Russia’s foreign policy and its role in the region? Given its strategic importance and the numbers of local and international players involved, a lot of international attention should focus on the Arctic. Pavel Devyatkin looks at the wide range of actors and interests that, despite political centralisation in Russia’s decision-making, play a role in the formulation of Moscow’s policy approach to the Arctic. He argues that climate change and political crises limiting Russian-Western cooperation impact heavily security and economy in the Arctic.

Will China take advantage of Russia’s “distraction” in Ukraine to strengthen its role in the post-Soviet region? Aliya Tskhay argues that the main area to watch in this regard is Central Asia. Central Asia, being at the core of the China-Europe and South Asia routes, holds a particularly central location in China’s Belt and Road Initiative (BRI) – a global vision of interconnections, revived historical trade routes, and infrastructure programmes launched by China in 2013. However, as the BRI is progressing in many regions in the world, it is important to pay attention to the environmental challenges that are posed by the proliferation of infrastructure projects. Tskhay considers that the main sectors covered by the BRI projects, including transport links, energy, trade, and manufacturing, are very carbon-intensive. As such, they pose a challenge in the transition to net-zero

targets. She also discusses potential opportunities that the BRI framework can facilitate, such as projects on renewable energy, waste management, and green investments.

Central Asia is on the spotlight also due to the phenomenon of desertification, which is aggravated by global environmental changes. As Stefanos Xenarios and Jessica Neafie report, Central Asia hosts extensive dryland areas where water mismanagement, land degradation and climate change have induced a threatening desertification process. Two of the most extensive inland water systems in the world situated in Central Asia, the Caspian Sea and the Aral Sea, face significant challenges due to lower precipitation and increased water recession in the last few years. With the occurrence of more frequent and more intense droughts, desertification, mainly in arid and semi-arid regions, can only get worse, potentially disrupting Central Asian economies and potentially exacerbating competition in the region. However, one can only hope, rising climate and energy challenges in the post-Soviet region may also encourage a degree of cooperation that is currently far from reach.

Paolo Magri
ISPI Executive Vice President

