

## **Rooppur Nuclear Power Plant: Navigating Russia's Sanctions and Ensuring Project Sustainability in Bangladesh**

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### **Introduction**

Among the growing possibilities in Bangladesh, the project of the Rooppur power plant has been facing severe challenges mostly because of the ongoing Russia-Ukraine war and the sanctions imposed on Russia by the United States of America (USA). To tackle the energy crisis in Bangladesh, the Rooppur power plant, which can contribute 2400 MW of power to the grid

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system<sup>2</sup>, is considered to be a very important project with immense possibilities. But due to the sanctions, some important aspects such as repaying loans, transactions between Bangladesh and Russia, transportation of nuclear plant materials and other critical issues are posing a threat to the costliest project in Bangladesh. But the US sanctions have yet to be able to stop the project; rather, both Bangladesh and Russia have been taking calculated steps to overcome those challenges, although lengthiness can be an issue in this regard. Rosatom, the Russian state-governed company in charge of the project<sup>3</sup> has ensured the feasibility of Bangladesh's first nuclear power plant project despite all the obstacles the sanctions are causing.

## **US Sanctions on Russia: Challenge Analysis**

### **The challenge in repaying loans**

Due to the war on Ukraine, the USA has imposed sanctions in various aspects, and some of them are directly causing hindrance to the Rooppur project. In this 13 billion dollar project, 90% of the money is provided by Russia in the form of loans.<sup>4</sup> In the case of repaying the loans, Bangladesh has been facing complexities as the US has imposed sanctions on 11 Russian banks, and the Russian Bank for Development and Foreign Economic Affairs (VEB) is one of them.<sup>5</sup> Due to the SWIFT ban, Bangladesh cannot conduct transactions as it has been doing till now. An alternative way of transaction was required where Russia proposed to pay the money in rubles, and Bangladesh denied the proposal. Eventually, both countries agreed to conduct the transaction “via a Chinese bank through China's Cross-Border Interbank Payment System (CIPS).”<sup>6</sup> It is considered an alternative to the dollarization process and Europe-based SWIFT banking system. Bangladesh will pay the pending repayment of 318 million dollars in this process to Russia, and

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<sup>2</sup> “Rooppur Nuclear Power Plant, Ishwardi,” Power Technology, April 12, 2023, <https://www.power-technology.com/projects/rooppur-nuclear-power-plant-ishwardi/>.

<sup>3</sup> “Rooppur Nuclear Power Plant Contractor and Scenario,” সর্বসাধারণ পারমাণবিক তথ্য কেন্দ্র, December 8, 2020, <https://bdnuclear.energy/rooppurnpp/scenario-and-contractor-of-rooppur-nuclear-power-plant/#:~:text=Within%2068%20months%20of%20the,of%20the%20ROSATOM%20State%20Corporation.>

<sup>4</sup> Kamran Reza Chowdhury, “Questions over Russia-Funded Nuclear Power Plant in Bangladesh,” The Third Pole, April 21, 2022, <https://www.thethirdpole.net/en/energy/questions-over-rooppur-nuclear-power-plant-bangladesh/>.

<sup>5</sup> “Russia's VEB Bank Stops Payment of Rooppur Project Amid Swift Ban,” The Business Standard, March 4, 2022, <https://www.tbsnews.net/bangladesh/russias-veb-bank-stops-payment-rooppur-project-amid-swift-ban-379726>.

<sup>6</sup> “Rooppur: Bangladesh Paying Russia in Yuan to Sidestep Sanctions,” Rooppur: Bangladesh paying Russia in yuan to sidestep sanctions : New Nuclear - World Nuclear News, April 18, 2023, <https://www.world-nuclear-news.org/Articles/Rooppur-Bangladesh-paying-Russia-in-yuan-to-sidest>.

other transactions may be conducted.<sup>7</sup> So, eventually, the US ban on Russian banks could hardly cause any major threats to the ongoing project.



Source: Energy Connects

### **The challenge in supplying nuclear materials**

The ship that carried the nuclear plant materials from Russia to Bangladesh was banned by the US. The US banned 69 Russian ships due to the war in Ukraine. As a result, Bangladesh was unable to unload those materials initially. The Foreign Minister of Bangladesh had doubts about whether Russia sent the sanctioned ship intentionally.<sup>8</sup>

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<sup>7</sup> “Rooppur: Bangladesh Paying Russia in Yuan to Sidestep Sanctions,” Rooppur: Bangladesh paying Russia in yuan to sidestep sanctions: New Nuclear - World Nuclear News

<sup>8</sup> “Russia Sent Rooppur Cargo in Sanctioned Ship Intentionally: Momen,” The Business Standard, January 22, 2023, <https://www.tbsnews.net/bangladesh/russia-sent-rooppur-cargo-sanctioned-ship-intentionally-momen-572074>.



Source: The Business Standard

Eventually, permission was granted to unload the nuclear materials in the Haldia port of India.<sup>9</sup> But extra time and resources were needed to transport those nuclear materials to Rooppur.

### **Project Delay**

Initially, the first unit of the Rooppur nuclear power plant was expected to be activated in December 2023. But from the very beginning of the project, it has to go through various obstacles. The Covid pandemic and the Russia-Ukraine war have resulted in extending the time limit of the project. As a result, according to the current reports, the first unit of the powerplant is expected to get activated in the first half of 2024, and the second unit will be activated in 2025.<sup>10</sup> The challenging world phenomena have resulted into delays in the accomplishment of the project.

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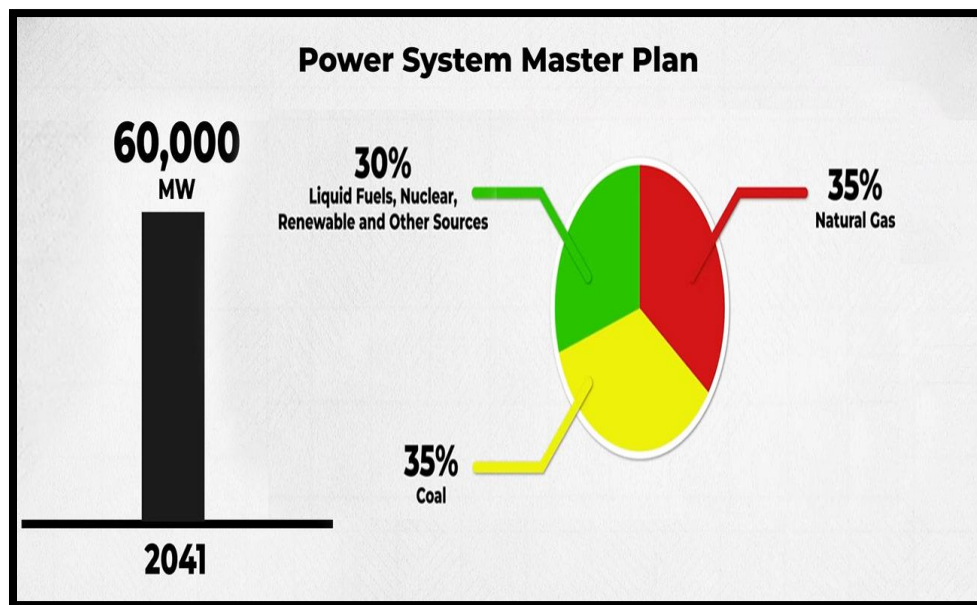
<sup>9</sup> “Russian Ship with Rooppur Nuclear Plant Materials Docks at Haldia,” The Business Standard, January 9, 2023, <https://www.tbsnews.net/world/south-asia/russian-ship-rooppur-nuclear-plant-materials-docks-haldia-564818>.

<sup>10</sup> Eyamin Sajid, “Rooppur Power Generation to Get Delayed until July 2024,” The Business Standard, December 29, 2022, <https://www.tbsnews.net/bangladesh/energy/rooppur-npp-commissioning-unit-1-get-delayed-least-6-months-559702>

## Feasibility of the Project

### Increasing production of energy

Development in the energy sector is a must for Bangladesh to climb up to the next stage and achieve its visions. Coal-based energy production is very costly and cause environmental threat. At the same time, renewable energy production has not been developed in the country. So, the government has focused on nuclear energy production which can solve the challenges of energy crisis in the country.<sup>11</sup> Currently, Bangladesh is producing 25,000 MW energy from coal-based powerplants. After the Rooppur powerplant gets active, Bangladesh has set the target of producing 60,000 MW energy till 2041.<sup>12</sup> That is why, the government has agreed to spend that much money in this project.



Source: The Business Standard

<sup>11</sup> Tausif Ali et al., "Feasibility Study of RNPP (Rooppur Nuclear Power Project) in Bangladesh," *Energy and Power Engineering* 05, no. 04 (2013): 1526–30, <https://doi.org/10.4236/epe.2013.54b289>.

<sup>12</sup> Sajjad Hossan, "Economic Impact of Rooppur Nuclear Power Plant," Business Inspection BD, May 28, 2023, <https://businessinspection.com.bd/economic-impact-of-rooppur-nuclear-power-plant/>.



## Overcoming the threats

The Rooppur powerplant project which was began in 2017 (the first unit) and 2018 (the second unit)<sup>13</sup> faced Covid constraints after just a year of its initiation of the construction. After that, the Russia-Ukraine war has added a new layer of challenges to the costliest project of the country. Repaying loans, transaction difficulties, transporting nuclear materials have imposed some threats to the project due to the sanctions on Russia. But all these threats were only short-term challenges and the two countries have found ways to overcome those challenges. In case of transaction, the countries have found an alternative channel to transfer the money to Russia. This was the most serious threat as Russian banks were sanctioned and Bangladesh had to find a way to repay the loans. The transportation challenges were also overcome, and it is expected that Russia will use the ships that are not sanctioned by the USA in case of transporting nuclear materials because the foreign ministry of Bangladesh has clearly asserted that Bangladesh will honor the US sanctions and will not simply ignore it. But this has not caused any negative impact in the relations between Moscow and Dhaka.<sup>14</sup>



Source: Dhaka Tribune

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<sup>13</sup> “Rooppur Nuclear Power Project, Pabna, Bangladesh,” NS Energy, accessed August 3, 2023, <https://www.nsenergybusiness.com/projects/rooppur-nuclear-power-project/>.

<sup>14</sup> Sheikh Rafi Ahmed and Jannatul Naym Pical, “Russia Upset as Bangladesh Blocks Entry to Sanctioned Ships. What’s Next?,” The Business Standard, February 23, 2023, <https://www.tbsnews.net/features/panorama/russia-upset-bangladesh-blocks-entry-sanctioned-ships-whats-next-589302>.

## Recent Developments

Rosatom has declared that in spite of the challenges Russia is facing due to the sanctions, the megaproject of Rooppur powerplant will not be hampered. According to the Russian Atomic Energy Corporation, "No disruption is foreseen in any of the commitments and work schedules in the construction of the Rooppur Nuclear Power Plant."<sup>15</sup> Although the sanctions may lead to delays for the project, but it is expected to be a successful one eventually as the countries have so far been able to deal with the challenges.

According to the World Nuclear News, the Science and Technology Minister Yeafesh Osman stated that the nuclear fuel, Uranium will arrive in Bangladesh in September this year as it was contracted in 2019. "The IAEA Director General and the Russian President will handover it virtually."<sup>16</sup>



Source: International Atomic Energy Agency

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<sup>15</sup> "Sanctions against Russia Won't Affect Rooppur Nuclear Plant's Construction: Rosatom," The Daily Star, March 1, 2022, <https://www.thedailystar.net/business/news/sanctions-against-russia-wont-affect-rooppur-nuclear-plants-construction-rosatom-2973366>.

<sup>16</sup> "Bangladesh Gearing up for Rooppur 'Graduation,'" Bangladesh gearing up for Rooppur 'graduation' : New Nuclear - World Nuclear News, accessed August 3, 2023, <https://www.world-nuclear-news.org/Articles/Bangladesh-gearing-up-for-Rooppur-graduation>.

## **Conclusion**

As the world is going through a crisis situation and Russia is directly involved in it, the Rooppur nuclear powerplant project has faced some threats but none of them could halt the project. All those challenges were rather short term as the two countries find new ways of continuing with this project so far. The powerplant will go into production in 2024 from the first unit and by that, Bangladesh will enter into a new era of energy production. Both Bangladesh and Russia are determined to accomplish the project and this determination has enabled them to overcome the hurdles amidst this war situation. Although some delays resulted due to the complex situation, the project is a feasible one and huge expectations of the country in the energy sector relies on this project.