

## **AMBREY INSIGHT BRIEF – RUSSIAN BALTIC SEA PORTS**

**22/01/24**

### **Incident**

Ukrainian forces conducted an unmanned aerial vehicle (UAV) attack on the port of Ust-Luga, Russia. The attack resulted in a fire at the Novatek gas terminal. Local officials confirmed, "Explosions rang out in the port. A fire broke out in the terminal of the Novatek gas company. All staff were evacuated." Ambrey observed video footage that showed a large fire at the gas and oil terminal. Residents of nearby towns reported on social media hearing two explosions. Eyewitnesses reported the "sounds of flying drones" at 00:20 UTC, indicating that two long-range Ukrainian UAVs reached the Russian port. At the time of writing, the Russian Defence Ministry had not commented on the attack on the Baltic Sea port. Ambrey observed that four tankers were moored at the port at the time of the attack. At approximately 00:030 UTC, all four vessels left the port. At the time of writing, no vessel had called the terminal since the attack. Ambrey received no reports of damage to vessels.

### **Context**

This was the second Ukrainian UAV attack on a Russian Baltic Sea port within four days. On the 18th of January, the port of St. Petersburg was struck by UAV debris. Russian and Ukrainian forces have been targeting each other's seaports and energy infrastructure in the Black Sea and Azov Sea since the renewed Russian invasion of Ukraine. The Kremlin is known to be reluctant to acknowledge the number and scale of Ukrainian strikes in its territory. Ambrey has first-hand accounts from a master who was aboard a vessel at the port during the attack. The master stated that "The St Petersburg port control did not send any official messages via Navtex." The message from President Putin's regime regarding the "Special Operations" is tightly controlled. Therefore, sole reliance on Russian official sources and authorities is not advised.

Ukraine has developed an asymmetric capability using UAVs. Since the beginning of the renewed invasion, Ukraine has been able to significantly increase its domestic production of UAVs. During this process, Ukraine was also able to increase their sophistication. At the beginning of the war, Ukraine largely used off-the-shelf commercial UAVs with minor modifications. At present, Ukraine operates a fleet of home-manufactured multi-purposed UAVs with varying ranges, payloads, reconnaissance capabilities and counter-electronic warfare systems. The US and the UK as well as other NATO countries have participated in the development of the software, hardware, and UAV pilot training as well as on the strategic deployment planning of the UAVs. Ukraine has managed to repel the Russian Navy from the Western Black Sea primarily with the use of UAVs and Unmanned Surface Vehicles. Ukraine was also able to strike deep into Russian territory, as far as Moscow targeting land-based energy and military infrastructure. This strike confirmed the capability and willingness of Ukraine to continue to strike targets in Russian territory.

## Analysis

The Ust-Luga complex and the port of St. Petersburg are both strategically important Russian commodity and hydro-carbon export hubs. Ust-Luga processes stable gas condensate, a type of light oil, into light and heavy naphtha, kerosene and diesel to be shipped by sea. The attack on these ports marks a significant demonstration of the capability of Ukraine's UAV program. Ukraine's official stated "The Ust-Luga Oil terminal is an important facility for the enemy. Fuel is refined there, which, among other things, is also supplied to Russian troops. A successful attack on such a terminal not only causes economic damage to the enemy...but also significantly complicates the logistics of fuel for the Russian military." The impact these strikes will have on Russian military logistics is assessed as marginal. Ambrey assessed that the impact the attacks had was largely of a symbolic and "morale-boosting nature." However, the attack exposed the shortages and the lack of anti-aircraft batteries and electronic warfare equipment inside Russia, a large proportion of the Russian equipment is deployed in Ukraine and Kerch. This attack took place at a time when Ukraine found itself in a difficult place militarily and politically. The Ukrainian parliament have been discussing a new unpopular draft bill which reduces the age of those who can be mobilised into the armed forces from 27 to 25 after the military said it needed as many as 500,000 more soldiers. Ukraine's summer offensive did not deliver anticipated gains, and the weapons supplies from the NATO countries have been faltering. Additionally, other world events have taken Ukraine from the headlines. This latest series of attacks will force Russia to redeploy its military resources, it will force the Ukraine conflict back into the news cycle and reignite support for Ukrainian resistance against Russia.

## Implications

Since the Ukrainian attack on the Russian military-affiliated tanker SIG, Ukraine has not targeted any merchant vessels in the Black Sea and Baltic Sea ports. That said, the latest attacks raise the likelihood of collateral damage and business interruption for vessels calling Baltic Sea ports in Russia. Ambrey has observed only a marginal decrease in tanker port calls in Ust-Luga a day after the attack. In the short term, the impact is assessed to be minimal to port operations and the Russian Baltic Sea trade. In the medium term, war underwriters will likely increase their premiums which, in combination with the US/EU sanctions, could increase the cost of trading in Russia. Russian Secret Service (FSB) is increasing the number of vessel searches looking for explosives and other banned items. This may result in business interruption.

Ambrey assessed that Ukraine is likely to continue to target the Russian Baltic Sea ports. If Ukraine conducts further successful attacks on the Russian Baltic Sea ports, the effect on merchant shipping is assessed to be significant, likely resulting in port closures and lengthy business interruptions. The Kremlin stated that they are reinforcing the port's defences: "taking the necessary measures, including air defences." This latest series of attacks will force Russia to redeploy its limited military resources. This is a tactic used by Ukraine concerning the Kerch Bridge, assessed to be the most protected piece of maritime infrastructure in the world.

The concentration of Russian resources in the Baltics will open new potential targets for Ukraine. Ambrey assessed that Russia will likely conduct retaliatory strikes on Ukraine's major cities and ports. Ambrey observed this pattern on several occasions in the past.

## **Mitigations**

Vessels calling Russian Baltic seaports are advised to conduct a risk assessment and to regularly re-assess the situation with a competent intelligence provider. This should include the risk of collateral damage in the event of an attack on the ports. It is advised to adopt MARSEC Level 2. Mitigation measures should consider early warning systems, ballistic protection, firefighting equipment, safe muster points within the superstructure, procedures in the event of ordnance discovery, and evacuation thresholds. Crews are also reminded that when calling Russian ports that they scrub any remarks on social media about the "Special Operation". Companies are also strongly advised to perform sanctions checks on trade with the Russian Federation, which is subject to G7, EU, and other sanctions.