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Russia Scraps $200M Icebreaker Contract Due to Sanctions and Shipyard Layoffs

August 15, 2025



Onega Shipyard. **onegoshipyard.ru**

Russia's state-owned port operator has canceled a contract to build two innovative icebreakers, citing construction delays, foreign component shortages and the impact of Western sanctions, the Vedomosti business daily reported.

Rosmorport's 18.5-billion-ruble ($200 million) deal with the Onega Shipbuilding Plant called for the delivery of two 95-meter auxiliary icebreakers capable of operating on both diesel and liquefied natural gas.

The vessels were to be deployed year-round in the Baltic, White and Barents Seas, and in the Arctic Ocean during summer and autumn.

The ships, designed by the Central Design Bureau Baltsudoproekt, would have been Russia's first of their kind — able to navigate through solid ice up to 1.5 meters thick.

Delivery was originally set for 2024 at the Port of St. Petersburg but was later pushed to 2026. Work never began, however.

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Sanctions imposed after Russia's full-scale invasion of Ukraine in 2022 derailed plans to subcontract the build to Turkey's Kuzey Star Shipyard and blocked the purchase of key foreign parts, including Azipod propulsion systems from the French subsidiary of ABB and diesel generators from Finland's Wärtsilä.

Rosmorport canceled the contract on July 10, Vedomosti reported. It has ordered the shipyard to return an advance payment of 9.27 billion rubles ($116 million) within five business days.

Russia's icebreaker fleet currently includes 23 line vessels and 11 auxiliary diesel-electric ships, with a stated need for 10 more by 2030, according to the Transportation Ministry.

The country also operates seven nuclear-powered icebreakers, the most powerful of which are under construction at the Baltic Shipyard, part of the state-owned United Shipbuilding Corporation (USC).

USC has recently begun layoffs amid a funding shortfall for fleet modernization. Workers at the Vympel shipyard in the Yaroslavl region and at the Khabarovsk Shipbuilding Plant in the Far East are among those affected.

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