

Contract for First Mistral's Worth Over 1Bln Euros

By [The Moscow Times](#)

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ST. PETERSBURG — Russia signed a contract worth more than 1 billion euros (\$1.43 billion) Friday to buy two French warships — the largest military deal between a NATO country and Moscow to date that will likely worry some of Russia's neighbors.

President Dmitry Medvedev oversaw the signing ceremony in St. Petersburg, and French President Nicolas Sarkozy welcomed the deal in a statement released by his office.

The statement said the Mistral-class assault ships would be made in France by DCNS and STX companies at a shipbuilding plant in town of Saint-Nazaire, creating 1,000 jobs in France over four years. The contract signing "testifies to the strategic dimension of this cooperation between France and Russia," it said.

The United States has expressed concerns that a sale would send the wrong message to American allies in Central and Eastern Europe, Russian neighbors who are alarmed by the

plan.

French Trade Minister Pierre Lellouche told reporters that the deal was worth 1.12 billion euros, but Anatoly Isaikin, chief of the state arms exporter Rosoboronexport, put it at 1.2 billion euros.

The discrepancy couldn't be immediately explained.

Under a preliminary agreement in December, two more ships will be constructed jointly by French and Russian shipbuilders, but Lellouche said "the third and the fourth ships are still the subject of further contract."

The talks on the deal have dragged on for months amid disputes about how many ships would be built and where, and how much sensitive technology France would share.

Roman Trotsenko, spokesman for the state-controlled United Shipbuilding Corp., told Russia 24 television that Russian industries will produce about 40 percent of the components for the first two ships.

Trotsenko said France also has agreed to provide Russia with a proprietary state-of-the-art command and control system for the ships, which are more advanced than the technology that the Russian navy currently has.

"The French side has agreed to an unprecedented level of cooperation in the technology transfer," he said.

The first ship will be supplied in 2014, and the second one will follow the next year, Russian news reports said.

Russian navy chief Admiral Vladimir Vysotsky told reporters after the signing that the navy would use the ships as command centers.

The Mistral, which could carry as many as 16 helicopters and dozens of armored vehicles, would allow Russia to land hundreds of troops quickly on foreign soil.

Russian news agencies quoted a Defense Ministry official as saying both French ships will be based in Vladivostok on the Pacific coast and help protect the Kuril Islands.

Russia and Japan have competing claims over four southern Kuril islands and this has kept them from signing a formal peace treaty ending their World War II hostilities. Tensions have risen since Medvedev visited the islands in November.

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