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Russia Won't Pay for French Mistral Warships Until Second Delivered

By The Moscow Times

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France's Mistral class assault ship the Dixmund in the French port of Toulon.

Moscow will not deliver the final payment for two French-built Mistral-class warships until the second vessel is delivered to the Russian navy, the head of Russia's state arms import and export agency told ITAR-Tass.

"The final payment on the contract will be made in November 2015, after the delivery of the second ship," Rosoboronexport head Anatoly Isaikin said in an interview with ITAR-Tass published Tuesday.

French President Francois Hollande said in July that the decision on whether to deliver the second Mistral would "depend on Russia's attitude," alluding to Moscow's widely censured policy in eastern Ukraine, Reuters reported.

Washington and several of its NATO allies continue to pressure France into canceling its

delivery of the first of two Mistral-class warships later this year, which the alliance fears would further enable Russian aggression, but Paris is wary of reneging on the high-profile 1.2 billion euro ($1.6 billion) contract.

Russia has repeatedly insisted that France honor its commitments while downplaying speculation that Paris is warming up to the idea of canceling delivery of the second Mistral.

The Mistral deal plays a key role in Russia's naval rearmament, which is itself an important component in Moscow's $700 billion military modernization drive.

Last month, the Russian navy said that the second Mistral carrier would become the flagship of the Mediterranean fleet after its delivery in late 2015. Reestablishing a permanent base in the Mediterranean Sea is one of the major near-term objectives of the Russian navy, which is now struggling to regain its former glory after more than two decades of decline since the fall of the Soviet Union.

The Mistral contract also includes a technology transfer program, which would see French expertise and technology applied to the modernization of Russian shipyards, ostensibly for the construction of a third and fourth Mistral carrier by Russian shipbuilders.

Isaikin said the technologies in question are related to hull construction, command and control systems and communications.

"The idea is that all these technologies can be used in Russia for the construction of warships for the Russian navy," Isaikin said. The technology transfer is not contingent on the construction of a third and fourth Mistral carrier, he added, an option that no longer appeals to a defense establishment set on replacing foreign defense imports with Russian production.

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