

France Hints It Could Kill Controversial Mistral Warship Deal With Russia

By The Moscow Times

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The two Mistral-class helicopter carriers Sevastopol (L) and Vladivostok are seen at the STX Les Chantiers de l'Atlantique shipyard site in Saint-Nazaire, western France, on Dec. 23, 2014.

PARIS — French President Francois Hollande on Wednesday explicitly evoked the cancellation and reimbursement of a frozen contract to sell Mistral helicopter carriers to Russia two days before meeting with Vladimir Putin.

Paris suspended the delivery of the warships last year after Europe decided to impose sanctions against Russia over the separatist conflict in neighboring Ukraine.

"On the Mistrals, all options will be addressed," Hollande told journalists after meeting Ukrainian President Petro Poroshenko. Hollande and Putin are due to meet on Friday in Armenia.

"At the moment, as I have said, the Mistral delivery is not possible in the current context,"

Hollande added.

"If the ships aren't delivered, I don't see how they can be paid for, it's a pretty simple principle. ... Under various scenarios, you have payment or reimbursement."

Last week, Putin said Moscow would not impose penalties against France over a failure to fulfill the 1.2 billion euro (\$1.29 billion) contract but said all costs incurred by Russia should be reimbursed by Paris.

France has come under pressure from Western allies such as the United States and Poland not to go ahead with the deliveries, which risks putting the contract in legal limbo.

Polish Defense Minister Tomasz Siemoniak said in January he was "counting on" France canceling the Russian Mistral contract outright.

Officials from both sides have denied a direct link between the Mistrals and Poland's decision on Tuesday to name the Caracal EC725 of Airbus Helicopters its preferred choice in a \$3 billion utility helicopter tender, dropping U.S. and Italian competitors.

Kremlin foreign policy adviser Yury Ushakov told reporters at a briefing in Moscow on Wednesday: "The Mistrals matter could be touched on at the meeting in Yerevan [Armenia] though there are many other questions to discuss, above all Ukraine."

Separately, a French diplomatic source familiar with the negotiations said the Mistral deal was "in the hands of lawyers" looking for a way out acceptable for both parties.

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