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Russia and France Are Close to Deal on Mistral Warships – Source

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.

YEREVAN — Russia and France are close to reaching an agreement for Paris to cancel a frozen contract on the sale of Mistral helicopter carriers and reimburse Moscow, a Russian source close to talks indicated on Friday.

France suspended the delivery of the warships last year after the European Union decided to impose sanctions on Russia over the separatist conflict in neighboring Ukraine.

French President Francois Hollande, who was holding talks with Russian President Vladimir Putin in the Armenian capital of Yerevan on Friday, suggested on Wednesday that Paris could cancel the contract and reimburse Moscow.

Putin had said the previous week that Moscow would not impose penalties on France over the

1.2 billion euro ($1.29 billion) deal if all costs incurred by Russia were reimbursed.

Referring to the statement Hollande made on Wednesday, the Russian source close to talks said: "We value this declaration very highly."

The source said Hollande had proposed an "acceptable" solution and that France would be able to "save face" but declined to give more details of the proposed solution.

Putin and Hollande were meeting on the sidelines of ceremonies marking the centenary of a mass killing of Armenians by Ottoman Turks.

Ties between Moscow and the West are at their lowest in decades over Ukraine, where Russia annexed the Crimean Peninsula last year and is accused by the West of providing separatists in the east of the country with weapons, troops, intelligence and training.

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