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Russian Far Eastern Shipyard to Get $900 Million Renovation

By The Moscow Times

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Rosneft in 2013 invested 111 billion rubles ($1.7 billion) to modernize Zvezda for civilian shipbuilding.

The Kremlin has asked Rosneftegaz, the state-owned parent company of oil giant Rosneft, to invest 60 billion rubles ($900 million) to build new facilities at a former military shipyard in Russia's Far East, according to a decree published on the Kremlin website Tuesday.

Moscow hopes a renovated Zvezda shipyard would be able to build large oil and gas tankers to expand Russia's trade capacity in East Asia. Russia's existing shipbuilding facilities are loaded with military orders for the country's expanding navy.

The yard has already been partially reconstructed. Rosneft in 2013 invested 111 billion rubles ($1.7 billion) to modernize Zvezda for civilian shipbuilding. However, the project has not been scandal-free. In April, a presidential envoy to the Far East said that over 4 billion rubles ($60 million) were lost to embezzlement at the shipyard, sparking criminal investigations.

Rosneftegaz's new investment in the yard was first announced by President Vladimir Putin at the Eastern Economic Forum in Vladivostok earlier this month. Zvezda is one of the government's flagship Far East development projects — a series of initiatives designed to boost the economy on Russia's underdeveloped eastern frontier. Moscow is seeking to increase trade ties in Asia to offset a decline in trade with Europe and the U.S., which has been constricted by sanctions over the Ukraine crisis.

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