

Executive Summary

The Sale. On June 17, France and Russia announced a 1.2 billion Euro contract under which the Russian Navy would acquire *Mistral* class LHD (Landing Helicopter Dock) warships from France. This purchase marks a departure for the Russian Navy, which to date has only briefly counted ASW (Anti Submarine Warfare) helicopter carriers in its inventory. Russia's amphibious warfare fleet is primarily built around LST (Landing Ship Tank) style vessels that lack an over the horizon amphibious assault capability, which the *Mistral* will provide.

The purchase of up to four *Mistrals* is the first major foreign arms purchase by the USSR/Russia since World War II. The current agreement between Russia and France is for two *Mistrals* to be constructed in France—at the Saint-Nazaire-based STX Europe shipyard, with deliveries scheduled for 2014 and 2015—followed by two more *Mistrals* to be built in a Russian shipyard in the St. Petersburg region. STX Europe and the Russian United Shipbuilding Corporation have signed an agreement under which STX Europe will assist in the construction of a new shipyard on Kotlin Island in St. Petersburg.

The *Mistral* has a displacement of 21,000 tons, can carry up to 16 helicopters, 450 troops (900 for short duration), and 13 main battle tanks or 60 armored vehicles. It can deploy troops either via air assault or via four landing craft in her well deck.

Russian Motivations. Russia sought to acquire the *Mistral* primarily for its up-to-date command and control systems and for the modern, modular French shipbuilding technologies used to build the ship rather than to upgrade the Russian Navy's amphibious assault capability. If capability were the driving force, the contract negotiations would surely have been concluded sooner in the interest of faster construction timelines. Instead, the negotiations moved at a glacial pace, and are still ongoing regarding the specific levels of technology transfer and after sale support.

The Russians see the *Mistral* as a way to help modernize their defense industry and navy. At present, no Russian shipyard can replicate the modular building techniques used by the French to build a *Mistral*. Another factor for Russia's choice of construction in a foreign shipyard is that most of the Russian shipyards are filled to capacity building ships for both the Russian Navy and foreign buyers. To stop construction to modify a shipyard to build a *Mistral* would hurt both the Russian Navy (because it would not get the new ships it needs as quickly) and the shipyard's production tempo for foreign sales. As STX Europe is going to help Russia build a new shipyard on Kotlin Island, this also gives Russia's Admiralty Shipyards, which will serve as the French partner in this enterprise, a brand new facility to build not only warships but also commercial ships, strengthening Russia's shipbuilding capability for the future. In addition, choosing an LHD style ship allows the Russian Defense Ministry to ask for new helicopters to equip its new ships. This in turn gives business to the domestic Russian helicopter companies, specifically Kamov, part of the Russian aerospace holding company Oboronprom.

The fact that Russia originally identified the *Mistral* as its priority for purchase before announcing the need for a LHD capability strongly suggests that the ship preceded the mission, which the Russians have since struggled to define. Russia may have offered an international tender for amphibious assault ships, but the tender was likely only issued 'after the fact' to satisfy legal requirements; the winner—the *Mistral*—was pre-selected and never in doubt. While the principal attractiveness of the multi-mission *Mistral* to Moscow lies in the ship's technologies and construction techniques, an LHD style vessel also allows Russia to add large capital warships ideal for soft power missions. As for hard power missions, there is little indication that Russia is seriously upgrading its ability to conduct an opposed amphibious landing. Besides new helicopters, the Russian Naval Infantry has seen few major upgrade programs. Moreover, there are no new assault hovercrafts in production, and the Russian Navy has only eight modern landing craft that could fit in a *Mistral*. The public relations image of a Russian ship assisting in times of natural disasters like the Haitian or Indonesian earthquakes, or participating in events such as anti-piracy operations in the Gulf of Aden and Indian Ocean, or potentially search and rescue missions in the Arctic instead is a valuable one that Russia wants to have.

The *Mistral* certainly has an offensive capability, and the new aspect for the Russian Navy is the aviation capability that a *Mistral* brings, including the ability to conduct shore landings from over the horizon. In terms of troop transport, however, the Russian Navy today already has the ability to move troops by sea, without a *Mistral*. It is unlikely that Russia selected a large capital ship like the *Mistral* to intimidate the Baltic states or Georgia. Rather, based on Russian statements about where the ships might be based, as well as on other Russian naval developments, it seems more likely that Russia is trying to bolster the image of its military capabilities in the Russian Far East and Pacific, particularly in the face of an improving Chinese military. Putting two large and brand new warships in the Pacific Fleet is a very visible statement of Russian interest in the Far East, regardless of actual naval combat capability. A *Mistral* also gives the Russian Navy another capital ship (besides its aircraft carrier, the *Admiral Kuznetsov*, and its nuclear powered heavy missile cruiser, *Peter the Great*) to deploy to signal national interest in any matter arising in the Pacific.

Fall-out from the Sale. The *Mistral* breaks new ground because it marks the first major arms sale to Russia by a NATO member. The reactions by some of the smaller NATO members like the Baltic states, and also Poland, have muted any enthusiasm there may have been outside of France and Russia for touting this sale as an example of a new phase in NATO-Russia cooperation. The Baltic states' inability to shake France's determination to see the sale through, in spite of a concerted diplomatic effort on their part, has convinced the Baltics that their security concerns are trumped by French economic considerations—in this case jobs for French shipyard workers. This has also caused many to question France's, and by extension NATO's, commitment to its Baltic partners in any future security showdown with Russia. In response to the apparently shifting strategic environment and increasing questions about NATO resolve in providing for their security, the Baltic states have approached some of their Scandinavian neighbors about closer defense relations. France, for its part, has argued that it is illogical to declare Russia a strategic partner of NATO, but to then refuse to sell it arms. France has also downplayed the new capabilities that the *Mistral* would bring to Russia. But the lack of

pre-sale consultations with its NATO Allies, coupled with Paris' apparent lack of concern for the security implications of the sale, have left many in the Baltic region and elsewhere in eastern Europe disappointed in the Alliance, despite the fact that NATO's new Strategic Concept, which was unveiled at the 2010 Lisbon Summit, was intended to reassure the smaller and newer member nations of the Alliance's continued commitment to common defense.

In sum, Russia's acquisition of up to four *Mistrals* will definitely give the Russian Navy new capabilities, and these will have to be recognized. Current Russian statements about basing locations and missions could also very well change before the ships arrive in 2014 and 2015, at the earliest. Yet, at the same time, acquiring new amphibious assault capabilities was not the driving force behind the sale. There are a number of motivations behind the selection of the *Mistral*, with securing new technologies and improving the image of the Russian Navy as primary drivers. The technologies gained from the purchase—both in terms of new construction techniques and capabilities, and the *Mistral's* new command and control technologies—are what the Russian Navy needed to facilitate its overall modernization, with important spillovers for the refurbishment of Russia's commercial shipbuilding sector. The selection of the *Mistral* as the conduit for securing these technologies came first; Moscow will now define potential missions for its new LHD style vessels.