
India, Russia to finalize aircraft carrier retrofit costs by April

RIA Novosti - 28/2/2008

Russia and India have agreed to increase refit costs for the Admiral Gorshkov aircraft carrier, the Indian defense secretary said on Thursday.

The costs of modernizing the aircraft carrier will be announced in late March.

Vijay Singh, who has just returned from inspecting the Admiral Gorshkov, berthed at the Sevmash shipyard in north Russia for the last 12 years, said there would be "a substantial increase" in the "reworked estimate" for the modernization work on the carrier.

"It should be completed by mid-2010. After that, it will undergo 18 months of extensive sea trials by the Russian navy to ensure all systems are working properly," he said. "The trials will include sailing it out to great distances and operating fighters from the deck."

The carrier, renamed the Vikramaditya, is to replace India's INS Viraat carrier, which, although currently operational, is now 50 years old.

The defense secretary did not mention any figures, but according to The Times of India, New Delhi is willing to pay another \$600-800 million for the 44,570-tonne aircraft carrier.

India contracted the \$1.5 billion Admiral Gorshkov for its navy in 2004. Moscow has since demanded an additional \$1.2 billion, which New Delhi replied was "exorbitant."

The defense secretary said Vice-Admiral Dilip Deshpande, the controller of warship production and acquisition, would visit Russia to work out "the essentiality and reasonableness of costs" by the end of March.

After it is has been refitted, the Gorshkov is expected to be seaworthy for 30 years.

The contract to deliver the Admiral Gorshkov aircraft carrier to India, which state-run arms exporter Rosoboronexport signed with the Indian Navy, covers the modernization of the ship and equipping it with modern weaponry, including MiG-29K Fulcrum aircraft and Ka-27 Helix-A and Ka-31 Helix-B anti-submarine helicopters.

Sevmash lost at least one major contract last Friday when Norway's leading ship-owner Odfjell tore up a deal with it for the construction of 12 tankers over serious delays in construction and continued price increases.

Odfjell intends to claim full compensation for its costs and losses over "massive" contract breaches by the yard.

The \$500 mln contract was signed in 2004 and was billed as a historic deal in Norwegian-Russian economic relations. The contract price subsequently increased to \$544 mln.
