



00:45 7/04/2008

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## Russia

### Russia to finance Venezuelan submarine deal - paper

14:46 | 04/04/2008



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MOSCOW, April 4 (RIA Novosti) - Venezuela is in talks with Moscow for a loan of about \$800 million to partially finance the purchase of four Kilo-class Project 636 diesel submarines, Russian business daily Kommersant reported on Friday.

The terms of the deal, estimated at \$1 billion, were negotiated late last year, and Venezuelan President Hugo Chavez is expected to sign a contract for the submarines during his visit to Moscow to attend the inauguration of Russian president-elect Dmitry Medvedev on May 7.

Kommersant reported that Dmitry Pankin, a deputy finance minister, had confirmed the loan deal, although he did not disclose any details, but a Venezuelan diplomatic source earlier said the loan would be provided by Russia's Vneshekonombank.

The submarines will be built at the Admiralty Wharfs in St. Petersburg and the Amur Shipbuilding Plant in Russia's Far East.

The Project 636 submarine is designed for anti-submarine warfare and anti-surface-ship warfare, and also for general reconnaissance and patrol missions. It is considered to be one of the quietest diesel submarines in the world.

Kommersant also said negotiations were underway on the purchase of 12 Il-76 Candid military transport aircraft for the Venezuelan Air Force. With the addition of the aircraft contract, the price of the whole deal may reach \$1.5 billion.

Some Russian experts believe that the loan may be a risky undertaking for Moscow. Despite a steady inflow of revenues from oil sales, Venezuela does not enjoy complete political stability, and President Chavez, known for his fiery anti-U.S. stance, has strong opposition in the country.

Officials at Venezuela's Moscow embassy declined to comment on the loan deal.

"We cannot either confirm, or deny this information," Venezuelan Ambassador Alexis Rafael Navarro Rojas told RIA Novosti.

Venezuela is Russia's fourth largest arms client after China, India and Algeria.



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