

# Major Russian Shipyard Hit by Corruption Scandal

By [The Moscow Times](#)

April 16, 2015



Last year, Deputy Prime Minister Dmitry Rogozin said that over 80 percent of all shipbuilding orders were for military vessels, and that demand for civilian ships, such as oil tankers, was being crowded out.

A major shipyard under modernization in Russia's Far East has lost over 4 billion rubles (\$80 million) to embezzlement, presidential envoy to the region Yury Trutnev said Thursday.

“Criminal cases have been launched ... over the embezzlement of more than 4 billion rubles during the construction of the Zvezda shipyards,” Trutnev was quoted as saying in a statement on the website of the government of Primorye region.

He later told news agency Interfax that a suspect in the investigation had fled Russia along with several of his associates, and had been placed on an international wanted list.

The modernization of the Zvezda shipyard, located on the Pacific coast in the Primorye region, is key to a planned revitalization of Russia's domestic shipbuilding industry.

Last year, Deputy Prime Minister Dmitry Rogozin said that over 80 percent of all shipbuilding orders were for military vessels, and that demand for civilian ships, such as oil tankers, was being crowded out.

Taking matters into its own hands, Russian oil major Rosneft in 2013 invested 111 billion rubles (\$2.2 billion) in modernizing Zvezda for civilian shipbuilding. The project drew the interest of oil firm Novatek and the blessing of President Vladimir Putin.

But despite the attention given to the site, it suffered from an all too common problem in the Far East — corruption and embezzlement. “The Far East is sufficiently far enough from Moscow that it seems that some feel that the application of the law here is not quite so stringent,” Trutnev said.

Last year, investigators launched criminal cases into almost 1 billion rubles (\$20 million) in losses at the Zvezda construction site. In 2013, military prosecutors found a ship repair contract had been artificially inflated by 63 million rubles (\$1.3 million).

Similar difficulties have been faced by the Vostochny Cosmodrome project in the nearby Amur region, where embezzlement scandals have led to the arrests of several construction bosses.

Original url:

<https://www.themoscowtimes.com/2015/04/16/major-russian-shipyard-hit-by-corruption-scandal-a458>

28