

Russian firm dismisses South Africa nuclear build fears

By [Lawrence Bartlett](#)

CAPE TOWN, South Africa, July 15, 2015 (AFP) - Russia's state energy corporation Rosatom on Wednesday denied that it had already secretly won a massive nuclear power contract in South Africa, and sought to allay fears of corruption over the deal.

Critics of the government's controversial plan to build eight nuclear reactors worth up to \$100 billion (91 billion euros) should "stop worrying", Viktor Polikarpov, Rosatom's regional vice president, told AFP.

Five nations -- Russia, France, China, the United States and South Korea -- are competing for the contract, but there is widespread speculation that President Jacob Zuma's close relationship with Russian President Vladimir Putin has sealed the deal for Rosatom.

"This is not true, these are insinuations and rumours," Polikarpov said in an interview on the sidelines of a regional energy conference in Cape Town.

"I don't know where they come from -- maybe we were the first to sign an inter-government agreement and it was rather comprehensive compared to similar agreements signed by other countries."

A row erupted in September last year when Rosatom appeared to announce that it had won the nuclear power contract, prompting allegations that Zuma's government had dodged procurement rules.

But Pretoria insisted at the time that the Russia deal simply initiated the procurement phase of the project and that other countries would be given a chance to bid.

The winning bid is expected to be announced by the end of this financial year.

Cost estimates for as many as eight reactors generating 9,600 megawatts, which the government wants to begin operating from 2023 and complete by 2029, range from \$37 billion to \$100 billion, Bloomberg News has reported.

South Africa already has one nuclear power station at Koeberg near Cape Town, which began operating under the former apartheid government in 1984, but relies heavily on coal for electricity generation by the state-owned power firm Eskom.

The corporation has been struggling to meet electricity demand, and rolling blackouts have become a feature of daily life, crimping economic growth.

The fear of possible corruption in the massive upgrade deal is fuelled by accusations of kickbacks involving Zuma and other government officials in a multi-billion-dollar arms deal in 1999.

Polikarpov acknowledged this but said the South African government was taking pains to ensure the procurement process was clean.

"I think that measures taken by the government are directed towards avoiding a similar case with the arms deal.

"They are doing their best -- to comply with the constitution, to make it cost effective, to make it transparent. There will be an international auditing company hired to monitor the assessment of the deal," he said.

Another concern expressed by critics is that the cost of the build could financially cripple a country facing sluggish growth and unemployment running at an official 25 percent.

Polikarpov would not put a price Rosatom's nuclear build bid, but said Russia was offering three possible financing deals.

"One option is the project can be financed 100 percent by the 'engineer and procurement contract', like we are doing with Iran, like we did with China.

"Those countries were capable of financing the project themselves, which is obviously not the case with South Africa."

A second option was the "build, own, operate principle", where a state loan could be granted by the Russian government with a grace period and "attractive interest conditions".

The third model involved investment by private companies in partnership with Rosatom.

He said Rosatom had been approached by investors who saw nuclear power plants as "becoming cash cows for the future".

But, he noted, the government would not declare its financial plans until they announced the winning bid.

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