

# Rival Builders Battle For Key Industry Job

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September 19, 2010

**The  Moscow Times**

Administrative procedures in the Russian construction industry could come closer to world practice after a battle over leadership of a regulatory group culminates in a Sept. 30 election.

They would do so if a reform-minded housing developer, Alexander Vakhmistrov, wins the election to become president of Nostroi against a big name in infrastructure construction, Yefim Basin.

Nostroi, a national association of self-regulating organizations, was created in 2009 to take over regulatory functions from the Regional Development Ministry and the defunct state watchdog, the Federal Construction and Housing Maintenance Agency.

Basin has been president of Nostroi since its creation. The chief executive of major infrastructure builder Inzhtransstroi, he is well-known in the industry for heading the construction of the Baikal-Amur railroad in Soviet times.

A Nostroi regional conference on Sept. 10 nominated Vakhmistrov, head of St. Petersburg-based development company LSR and former head of the administration of the St. Petersburg governor, to challenge Basin's leadership.

Vakhmistrov told Kommersant that he sees the key to development of the Russian construction industry in establishing technical regulations that meet international standards, as well as increased financial transparency and quality control.

Basin countered in the same Kommersant report that the European system of standards "is principally different from the Russian one, largely due to natural, climatic and geophysical differences among the territories of our country." He argued that Russian standards, when they are observed, justify themselves with their results, and he touted Nostroi's refinements of them.

Spokespeople for LSR could not be reached for comment Monday. Nostroi's spokesman, Mikhail Ledovsky, declined to comment on Basin's position.

Nostroi, which is designed to unite all self-regulating organizations — or SROs — in the construction industry, has been pressured into holding a new election for its president in the aftermath of an abortive attempt to form a competing association.

According to Ledovsky, all construction companies, with the exception of those that build only private homes of two stories or less, were required by Russian law to join self-regulating organizations by Jan. 1 of this year.

However, compliance with the legal mandate to form SROs, and for SROs to sign on to Nostroi, was spotty. Last November, when Nostroi held its second congress, there were 57 SROs in the construction industry. That number grew to more than 200 as the deadline for SRO membership approached and passed.

At the end of June, a group of SROs that were still not Nostroi members formed an alternative group, NOSO, or the Association of Self-Regulating Organizations of the Construction Industry, contending that the Nostroi second congress should be declared invalid because of the small number of SROs represented.

NOSO was quickly disbanded by the government, but the renegade SROs were successful in forcing new elections for the president and national council of Nostroi.

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