

Metro Construction Will Open to Foreigners

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Moscow Mayor Sergei Sobyenin proposed on Friday attracting big international firms to participate in construction of new metro lines in the capital, which may be worth up to 1.5 trillion rubles (\$48 billion).

“Construction of the metro alone requires 500 billion to 1.5 trillion rubles,” Sobyenin said at a conference, citing his conversation with an unidentified minister.

He said that attracting foreign builders would ensure stability in enforcing contracts and improve the quality of work.

“I request that not only two to three homegrown companies work in this field, but that an international tender be announced to attract the largest international organizations that specialize in this area,” he said at a separate City Hall meeting.

The funds that City Hall plans to spend on constructing the metro lines are huge and would be theoretically enough to attract foreign builders, said Andrei Tretelnikov, a transportation analyst at Rye, Man & Gor Securities.

“But they should be very long-term projects,” he said.

Sobyanin didn't specify over which period of time the funds would be spent, but he said earlier this month that City Hall planned to build more than 50 kilometers of new metro lines by 2015.

Sobyanin complained that there were many problems in metro construction, including unstable financing of contracts and a lack of project design and engineering survey works.

“And the metro construction infrastructure itself is not in the best condition,” he said.

Moscow now has a total of 300 kilometers of metro lines.

General requirements to participate in a tender include having an efficient track record and using modern equipment.

“If a builder's construction efficiency is two- to threefold lower than the market, it shouldn't win the tender, or must at least upgrade its equipment and resources,” Sobyanin said.

He said the projects put to tender should be sufficiently large to demonstrate the potential to provide work for participants “for several years ahead” and ensure profitability of the equipment they buy.

Deputy Mayor Vladimir Resin said “all big foreign firms” would be invited to the tenders.

Meanwhile, the Federal Property Management Agency announced last week that the oldest metro builder in the country, Moscow Metrostroi, will be privatized next month.

Among possible buyers of the 79-year-old company, whose starting price is 2.2 billion rubles, are the chairman of Moscow Metrostroi's board of directors, Vladimir Kogan, and Moskovsky Metropolit, the metro's operating company, Kommersant reported last week, citing a source close to Metrostroi.

Engineering firm Infrastruktura, which was co-owned until recently by billionaire Roman Abramovich, is also interested in buying the company.

Sobyanin proposed earlier this month to simplify and standardize station designs in order to speed up construction and cut building expenses by at least 20 percent.

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