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Putin Supports Idea of Combining Airports

By The Moscow Times

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Russia and the city of Moscow may sell control of two international airports, after merging them into a single company, as the governments seek to raise funds and improve the capital's infrastructure.

The Transportation Ministry and the Moscow government agreed to combine the Sheremetyevo and Vnukovo airports into a company that may be valued at "tens of billions of rubles," Prime Minister Vladimir Putin said at government meeting Monday that took place at Sheremetyevo Airport.

Putin toured the new international terminal at Sheremetyevo, before being briefed on directions the facility's development will take, as well as those of Vnukovo and Domodedovo.

Combining the Vnukovo and Sheremetyevo airports would have "significant synergies," Putin said, without giving a time frame. Sheremetyevo is the city's second-biggest airport, and Vnukovo is the third-biggest, following privately operated Domodedovo.

The Moscow government may transfer its stake in Vnukovo to the state or contribute to the combined company for monetary compensation, Mayor Sergei Sobyanin said at the meeting. The proceeds may be used to expand the city's metro, he said.

President Dmitry Medvedev has ordered Sobyanin to improve transportation in Moscow, which he seeks to turn into an international financial hub. Goldman Sachs Group chief executive Lloyd Blankfein told Medvedev that traffic jams are among the biggest obstacles to that plan at a March 15 meeting, according to Deputy Finance Minister Dmitry Pankin.

Moscow aims to raise as much as $7 billion in the next two years from asset sales, which includes Vnukovo, Deputy Mayor Andrei Sharonov said Feb. 2. Putin's government plans to sell 1 trillion rubles ($35 billion) of assets over three years to help close a budget gap and reduce its role in the economy.

Russia may eventually sell control of the combined airports, Transportation Minister Igor Levitin said at Monday's meeting.

Putin also said the capital's three airports will double their passenger capacity.

"Our plans [foresee] boosting the throughput capacity of the three main Moscow airports [Domodedovo, Sheremetyevo and Vnukovo] by 100 percent to 100 million passengers by 2020," Putin said.

Sheremetyevo served 19.3 million passengers in 2010, Domodedovo 22.2 million passengers and Vnukovo 9.4 million passengers.

The prime minister also said construction of a third runway at Sheremetyevo is a priority in the Moscow aviation hub's development.

"The priorities include finishing the runway renovation at Vnukovo in 2012. And building a new runway before long at Sheremetyevo, where Aeroflot is based. I'm asking the Finance Ministry, Transport Ministry and Economic Development Ministry to arrange the necessary funding and to organize construction," Putin said.

At the same meeting Domodedovo's acting director Denis Nuzhdin told Putin that "the overall volume of private investment up to 2020 is estimated at $2.5 billion dollars."

Nuzhdin said Domodedovo's development is planned so that passenger flow in 2020 will reach 60 million people per year. The airport should then have three independent runways.

Vnukovo is also currently undergoing reconstruction to improve logistics and increase passenger flow.

(Bloomberg, Interfax)

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