

12% of Rail Monopoly Could Be Sold as State Seeks Investment

By [The Moscow Times](#)

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The government may offer 12 percent of its monopoly Russian Railways, the operator with the longest train network, as it seeks to raise budget revenue and improve infrastructure.

A 25 percent stake slated for sale "would be too much" for investors to absorb at once, Transportation Minister Igor Levitin said in an interview. "Selling 10 or 12 percent would be more appropriate."

The company may be worth several times its share capital of more than 1.5 trillion rubles (\$53 billion), chief executive Vladimir Yakunin said last year.

The government plans to sell 1.8 trillion rubles of state assets within the next five years as it seeks to close a budget gap. As much as 25 percent minus one share in Russian Railways is scheduled for sale sometime later than 2013, after the monopoly sells stakes in its own units to raise investment funds.

The monopoly may spend more than 1 trillion rubles on upgrades in the next three years, said a company official, who asked not to be named because of corporate policy. The rail operator plans to spend 350 billion rubles on tracks and rolling stock, of which 132 billion rubles will be raised through stake sales, the operator said in January.

To help finance infrastructure upgrades, Russian Railways sold £350 million (\$572 million) of bonds in March, after a sale of \$1.5 billion of notes last year.

Russian Railways may sell a stake in its TransTeleCom telecommunications unit next year to help finance spending, Levitin said in interview on Tuesday. The company must retain control "at least in the initial stage" because of its reliance on the fixed-line phone operator, he said.

A 25 percent stake in freight unit TransContainer may be sold this year, Levitin said. The operator raised about \$400 million selling 35 percent of the unit in an initial public offering in Moscow and London in November. Russian Railways now holds 50 percent plus one share.

The Transportation Ministry recommends that the rail company sell its entire TransContainer stake, said Levitin, who has been minister since 2004. The government and Russian Railways haven't reached an agreement yet about how shares will be sold this year, he said.

"We could raise more money from selling the holding in one go than selling it in slices," Levitin said. TransContainer's Global Depositary Receipts in London have gained 41 percent since the start of trading.

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Russia and Ukraine will complete a survey of potential sites for the Kerch Bridge project within 18 months, Russian Transport Minister Igor Levitin said Thursday, Interfax reported.

"Vneshekonombank, which has been ordered to fund the survey, is searching for investors in both countries," he said.

A site for the bridge, which will connect Russia's Rostov region with Ukraine's Crimea, will be chosen after the survey is presented in 2013, the minister said.

Ukrainian Infrastructure Minister Borys Kolesnikov said Russia and Ukraine would pay 50 percent of the costs each, with both state and private investors contributing.

The Kerch Strait connects the Sea of Azov with the Black Sea. Plans to bridge the strait date back to World War II.

(Interfax)

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