

Russian Railways to Sell Freight One

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Russian Railways' president said the company is interested in a \$2.5 billion project to carry coal in Indonesia. **Igor Tabakov**

Russian Railways hopes to complete the share sale of its Freight One cargo subsidiary this year, company president Vladimir Yakunin said Friday.

"We hope to get a new valuation soon and complete the sale by Sept. 29," he told reporters at a press briefing Friday.

The company hopes to sell off 75 percent minus two shares in Freight One, which operates about 21 percent of Russia's freight rolling stock.

But Yakunin called "unacceptable" attempts to get the company to sell 50 percent — twice the size of the stake originally planned — in its cargo container operator Transcontainer.

"Frankly, I sometimes don't understand," he said. "Last year the decision to sell 25 percent was made. ... It's unacceptable to try to revise this decision. We have no need to sell these

[extra] shares." He did not say who was pressing to increase the amount of the company to be sold.

He added that the Transcontainer package should have been sold "yesterday" for Russian Railways to be able to include the proceeds in its budget for 2011.

Transcontainer runs containers for road and rail transportation as well as a terminal processing and customs clearance service.

Russian Railways is one of several state-owned companies that the government wants to wholly or partially privatize by 2017.

Yakunin repeated his position that "our owners" — that is, the government — will decide what and when to sell, but said the sale of a majority stake in Russian Railways itself was unlikely and cautioned against a breakup of the monopoly.

"They tried that in Great Britain, and look what happened there," he said in reference to the controversial privatization of British Rail in the early 1990s, which many blame for a decline in service levels.

Yakunin had previously backed the sale of a 10 to 15 percent stake to a "strategic investor," but wants to hold off valuing the company until 2013, when he believes that the country's economy will have fully recovered from the post-crisis slump.

President Dmitry Medvedev has called for the privatization process to accelerate, leading analysts to speculate that a railways sale could occur as early as next year.

Yakunin also revealed that the company is interested in a \$2.5 billion railway building project in Indonesia, but did not elaborate.

The Jakarta Post reported earlier this year that Russia may invest in a 185-kilometer railway to carry coal, linking the provinces of Central and Eastern Kalimantan.

But the paper reported Thursday that the governor of Central Kalimantan had rejected the Russian plan because it would damage protected forests.

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