The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Railway Still Seeking Middle East Projects

By Irina Filatova

November 20, 2011

Russian Railways is seeking to enter into new projects in the Middle East, despite the losses it has faced in restive Libya, Vladimir Yakunin, chief executive of the state-run monopoly, said Saturday.

"We are seeking the possibility to penetrate into the international market of infrastructure construction. ... Our first attempt in Libya seemed to be not very exciting ... but we continue this policy," he said.

Yakunin, who met with a group of foreign journalists on the sidelines of a two-day railway forum that opened in Moscow on Friday, said that among possible options is the United Arab Emirates, where the company is holding negotiations.

He said Russian Railways is interested in other Persian Gulf countries as well.

"They have a very substantial program to develop railway infrastructure. ... And we would like to be part of that," said Yakunin, who was speaking English.

Meanwhile, the company hopes to complete the 2.2 billion euro ($3 billion) project in Libya, which stalled due to the unrest there, Yakunin said Friday.

"You saw by yourself what was going on in this country. You see what's going on there now. We undoubtedly aspire to complete what was started there, but what the political conditions for this work will be don't depend on the Russian Federation's government, to say nothing of Russian Railways," he told the forum.

Russian Railways started construction of a 550-kilometer railway from Sirt to Bengazi last year, and Yakunin said earlier this month that the company's losses in Libya amounted to 20 billion rubles ($647 million).

But Yakunin was more optimistic about the prospects of a broad-gauge railway line from Kosice, Slovakia, to Vienna through Bratislava — an ambitious 5 billion euro project being implemented by Russian Railways jointly with Austria, Slovakia and Ukraine.

The sides formed a joint venture in 2009, but Yakunin said earlier this year that Slovakia's new government, which took office in 2010, didn't show much interest in the project.

"We got the political support. ... It seems that Slovakia politically is also in favor of this project," he said Saturday. "This kind of cooperation is beneficial for all the members of this working group."

The sides have finished preliminary planning and will start working on a business project soon, Yakunin said.

The project is slated to be put into commission in 2016, according to the Russian Railways web site.

Yakunin also called for boosting investment in upgrading railway infrastructure domestically, reiterating the suggestion that the government issue so-called "infrastructure" bonds to help finance the 400 billion ruble deficit in the company's 1.4 trillion ruble 2008-15 investment program.

The bonds could be issued in the middle of next year, and State Pension Fund money could be used to buy them, he said, adding that foreign investment funds would also be welcome to participate.

Among the most likely projects to be financed through a bond issue is a high-speed railway between Moscow and St. Petersburg, which is due to be completed by 2018 and expected to reduce trip time to 2.5 hours, compared with about four hours by Sapsan and eight hours by ordinary train.

Russian Railways plans to announce tenders for the project by the end of this year, Yakunin said.

Siemens, which supplies Sapsan high-speed trains to Russia, is interested in participating in the tender to deliver trains for the project, said Dietrich Möller, the company's president in Russia.

"I hope that in 2018 my long-time dream will come true: to get on a train at Leningradsky railway station in Moscow and to come to Moskovsky railway station in St. Petersburg in two hours," Möller told forum participants.

Möller told The Moscow Times on the sidelines of the forum that Siemens is in talks with Russian Railways to supply eight Sapsan trains.

The German company expects to complete the negotiations by the end of this year, he said without elaborating.

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