

Railways and Government Differ on Valuation

By [The Moscow Times](#)

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Russian Railways and the Finance Ministry dispute the company's valuation as the government proceeds with their efforts to privatize 25% of the company's stock.

The 25 percent stake in the country's rail monopoly that the government wants to privatize by 2013 is worth about 260 billion rubles (\$7.83 billion), Russian Railways' managers said.

The estimate is considerably lower than the government's own figures, however. A Finance Ministry official put a 25 percent share in the company at 700 billion rubles, Vedomosti reported.

That would make the entire company, which employs almost a million people and operates the second-longest stretches of track in the world, worth about 2.8 trillion rubles (\$85 billion), compared with the company's 1.04 trillion-ruble valuation of its worth.

The sale of a 25 percent minus one share stake in Russian Railways by 2013 is one of several

sales of state assets included in a privatization plan confirmed by Prime Minister Dmitry Medvedev and the Cabinet last month and updated in a decree published Friday.

Russian Railways president Vladimir Yakunin, who has repeatedly expressed skepticism about the wisdom of privatizing national rail services, has called the deadline “unrealistic.”

“Honestly speaking, I don’t yet understand this opportunity to directly privatize shares of Russian Railways,” he told Interfax over the weekend.

Russian Railways’ estimate values the company lower than similar firms, experts say. Union Pacific in the United States is valued at \$54.14 billion.

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