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Nod to Levitin Brings Airport Merger Closer

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Former Transportation Minister Igor Levitin **Sergei Nikolayev**

Former Transportation Minister Igor Levitin will oversee the merger of Sheremetyevo and Vnukovo airports, the government said.

Levitin, who became a presidential adviser after being ousted from the Transportation Ministry in a post-election reshuffle, will "curate" the airport merger as part of a wider task to create a single aviation hub, presidential administration chief Sergei Ivanov told reporters Friday.

"[He] will not oversee the entire transportation industry; he will oversee a major project to create a unified Moscow aviation hub," Ivanov said.

The appointment likely means the government will try to push through the long-discussed airport merger by the end of next year.

Levitin first floated the idea of a unified "Moscow aviation hub," jargon for merging the management and ownership of the city's three international airports, during his tenure as transportation minister. He has said in the past that the process could be finished in 2013.

The merger began in March 2011, when a decision was made to join Sheremetyevo with the Terminal Company, which was already operating its terminal D.

That process was completed in March. At the same time, the Moscow city government handed over its 75 percent stake in Vnukovo to the federal government.

Merging state-owned Vnukovo and Sheremetyevo is seen as the first step to creating a single airport operator that one day could also include privately owned Domodedovo, which has publicly opposed the merger of its two competitors.

Backers of the notion argue that a unified management company similar to France's Aeroports de Paris, which operates 14 airports and airfields in the Paris area, is needed to better manage the pressures of growing traffic at Moscow's three international airports.

The Transportation Ministry also argued in a strategy concept document drafted in April that the larger company resulting from a merger would find it easier to raise financing for infrastructure development, including new runways.

Domodedovo is estimated to be short 33.2 billion rubles ($1.1 billion) to build a third runway and repair its current second runway and airport apron. Sheremetyevo is running an 18.2 billion ruble deficit on its plans for a third runway and upgrades to airfield infrastructure.

Vedomosti reported last month that Levitin met with several Domodeovo shareholders while he was still transportation minister in an effort to bring the privately owned airport on board.

However, the shareholders of the airport, which is currently the city's busiest, are said to be skeptical.

Speaking to The Moscow Times in May, a Domodedovo official downplayed the plan by suggesting that any merger would amount to little more than a reshuffling of title deeds to "strategic" infrastructure, like runways, which are state-owned anyway.

The aviation hub plan appears to have sparked a flurry of activity on the part of investors seeking to maximize stakes ahead of the potentially lucrative merger.

Vedomosti reported last month that Gazprombank is seeking to acquire 8 percent of Shermetyevo ahead of the merger.

The bank is said to have made offers for two 4 percent stakes currently held by Vneshekonombank and VTB bank respectively. Vneshekonombank said it recieved an offer from an undisclosed buyer and has confirmed that it is seeking to sell.

Another shareholder is Aeroflot, which holds a 9 percent stake in Sheremetyevo. The government directly owns the remaining 83 percent.

At the beginning of the year, several newspapers reported that Domodedovo's shareholders

were seeking to sell out but couldn't find a buyer willing to pony up the 5 billion ruble asking price.

In May, the airport's press service categorically denied that any such plans had ever existed and attributed the rumors to "press speculation."

City Hall plans to create a new transportation corridor to connect Domododovo; Astafyevo, a small airport in the Moscow region owned by Gazprom Avia; and Vnukovo Airport, Deputy Mayor Marat Khusnullin said Saturday.

City transportation chiefs are also considering a plan to build a new road parallel to the Moscow Ring Road to link the southern suburbs of Solntsevo, Butovo and Vidnoye.

In another development in the city's south, Kaluzhskoye Shosse may be widened to 10 lanes, and traffic lights may be removed to ease traffic flow on Leninsky Prospekt, Khusnullin said.

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