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$300M Tram Tender to be Rebid

By Anatoly Medetsky

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The winner will supply 120 high-speed trams for $300 million to City Hall.

The country's antitrust watchdog has ordered a new tender for City Hall's $300 million tram contract, a move that could allow more foreign bidders to participate.

Canada's Bombardier and Germany's Siemens are the potential contenders that didn't make it into the previous tender, which ultimately went wrong.

The case shows the hiccups businesses can encounter when competing for lucrative government contracts.

City Hall began taking bids to supply 120 high-speed trams from two companies, including France's Alstom local joint venture, on Aug. 10, but the Federal Anti-Monopoly Service voided the bidding.

The agency's action didn't formally stem from complaints from the Russian companies that the city government had banned from the competition.

Instead, the Federal Anti-Monopoly Service ruled the tender's requirements were incomplete and ordered the city to update them, an agency spokeswoman said Friday.

"The terms lacked details that have a substantial effect on the price and quality," the spokeswoman said.

The city didn't specify, for instance, how many sections a tram door must have, and it neglected to include a requirement that bidders be able to plow away snow on the tracks, she said.

It's now necessary for City Hall to make the additions and publish the updated requirements, she said. Potential bidders can start seeking clearance for the tender 15 days after publication, she added.

Calls to the spokeswoman for the city government's transportation department, which handles the tender, went unanswered Friday afternoon.

A spokeswoman for Alstom declined to comment Friday on whether the company's 50-50 joint venture with Russia's Transmashholding would bid again.

The venture, TramRus, would have to develop a new tram based on Alstom's low-floor model, Citadis, which is in use in Paris, Barcelona and other cities.

The other company that was allowed to bid is Kirov Ust-Katavsky Railcar Plant.

Paer Isaksson, a spokesman for Bombardier in charge of Russia, said only that the company remained "committed" to the Russian market and looked forward to "deepening the cooperation with our partners."

The city government ruled to deny Uralvagonzavod, which had Bombardier as a partner, a chance at the now-nullified tender.

A top executive at Uralvagonzavod said the company would request to take part in the new tender, Kommersant reported Thursday.

Last month, Bombardier agreed to provide Russia's Uralvagonzavod with a license to manufacture and sell trams with Bombardier technology. Bombardier's transportation division chief, Andre Navarri, signed the deal with his Russian counterpart, Oleg Siyenko, as Prime Minister Dmitry Medvedev looked on.

The license allows the use of Bombardier's Flexicity trams, now used in nearly 100 cities worldwide, as a platform for local manufacturing.

Siyenko said at the time that the new trams would "enhance the image of major Russian cities" in the run-up to the 2018 World Cup.

The two companies also look to develop and market subway trains for Moscow and other cities in the former Soviet Union.

Another company that didn't get the right to bid in the previous tender is billionaire Dmitry

Pumpyansky's Sinara. The company hoped that Siemens, its longtime partner in railroad projects, would participate in the tram project, Kommersant reported.

A spokeswoman for Siemens, which does produce trams, declined comment Friday.

Uralvagonzavod and Sinara had complained to the Federal Anti-Monopoly Service that City Hall unfairly prevented them from placing bids.

The agency found all the complaints to be without merit, including one that raised suspicions that City Hall's transportation department chief, Maxim Liksutov, was not impartial in his decisions about the tender because he used to be a co-owner of one of the successful bidders, Transmashholding.

High-speed trams are part of a plan by City Hall to improve Moscow's mass transit.
The tender requires that deliveries start next year.

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