

China Not a Benchmark for Russian Infrastructure Development

By Alexander Panin

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When asked to vote for 6 things that hinder infrastructure projects in Russia at a session of the Russia 2013 Forum on transportation, more than half of attendees voted for corruption while almost a quarter said the biggest issue was a lack of government support.

China, whose example of rapid development of its transportation system was touted during the forum discussion as a possible role model for Russia, has a ratio of investment in infrastructure to GDP of almost 6 percent. For Russia the figure is more modest: a little more than 1 percent, according to Jonathan Anderson, president of consultancy company Emerging Advisors Group.

But a misconception is that Russia is lagging behind China in infrastructure density. "If we look at the amount of paved roads per capita, China is only beginning to catch up with Russia," Andersen said. And the same applies to the rail network which, per capita, in Russia is about four times bigger than in China.

Still, the volume of road construction in Russia does not meet the demands of the economy, said Sergei Kelbakh, chief executive of state road-building company Avtodor.

"For the last 15 years, the number of new roads increased by only 5 percent. And these are regular roads, not highways which directly influence the economy. Even the program approved by the government for our company for the construction of 4,000 kilometers of highways until the year 2020 is actually not an ambitious project. It just reflects the financial potential the state has for road construction," Kelbakh said.

He sees an absence of a clear government policy on road infrastructure. "The effort made is just to patch all the holes. What is needed today is a clear and explicit program for the development of high-speed road networks," Kelbakh said.

Meanwhile, some port experts are satisfied with the status of that aspect of infrastructure as benchmarked to the needs of the economy or other countries.

"We should not compare Russia and China; their economies are different. Russia's is based on the export of resources, and there is nothing shameful in that. We should only make this model more effective and create the infrastructure for that purpose. As for the ports, their capacity corresponds to the needs of the economy for the next few years," Global Ports executive Alexander Nazarchuk said.

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