

State Seeks Foreign Investment in Roads

By [The Moscow Times](#)

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The government is cutting red tape in the construction sector in an effort to attract foreign investors to domestic road construction projects, a news report said Monday.

Winners of tenders for road construction will be spared the tasks of preparing future construction sites and solving numerous legal, property and infrastructure issues related to construction areas, according to a decree published on the official government site.

Excessive legal obligations related to road construction have been known to scare away potential foreign investors, undermining healthy competition in the sector.

The government now wants to solve contractors' problems by classifying preparing future building sites as a separate stage of construction, Vedomosti reported Monday.

According to the decree, road-construction contractors will no longer have to solve disputes

with property owners, chop down trees and bushes or carry out archeological digs, among other requirements, before they can start building.

The measure is expected to attract more Russian and foreign companies to participate in tenders for road-construction projects.

President Vladimir Putin last year ordered the government to attract more foreign companies to the construction of federal and local roads in Russia. Previously, foreign contractors were confronted with a set of problems including legal issues and difficulties with obtaining authorization for the use of new technologies.

Current legislation on state purchases requires that contracts must be awarded to the lowest bidders in tenders. This provision undermines competition on the market by reducing the profitability of projects and stifling potential investors' interest in participating.

Experts say foreign investors would be interested in building roads in Russia if the profit margin was at least 18 percent, while infrastructure projects currently yield profit of about 7 percent, Vedomosti said.

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