

# Putin Calls For Transparent Ownership of Moscow Airports

By [Alexander Panin](#)

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To increase the effectiveness of government spending and to make Moscow airports more attractive for private investors, one of the most important steps is to make their ownership transparent, President Vladimir Putin said at a meeting on the development of the capital's airports held in the Kremlin on Wednesday.

He also said it was vital that all participants of projects aimed to improve airport infrastructure were registered in Russia and had their ultimate owners disclosed.

"It is important to understand who will finance these projects, to what extent and for what exactly they will be responsible afterwards," Putin added.

The three major international airports in capital's vicinity — Domodedovo, Sheremetyevo and Vnukovo — are collectively called "the Moscow air hub" by authorities. The only fully private airport is Domodedovo, but in the past the government has questioned the identity

of its ultimate owners. Domodedovo chairman Dmitry Kamenshchik surfaced as the primary owner when the airport was planning to make initial public offering in 2011, which later was called off. The state owns 83 percent of Sheremetyevo and 25 percent plus one share of Vnukovo international airport. Airport infrastructure is also owned by the government.

Prior to the meeting — whose attendees included acting Moscow Governor Andrei Vorobyov and Acting Moscow Mayor Sergei Sobyanin — the Vegas Lex law firm presented seven scenarios for the development of the Moscow Air Hub to the Cabinet.

One of the proposals was to build a fourth international airport and to add another landing strip in Domodedovo as well as to expand the capacity of other airports, said Itar Tass, which said it had a copy of the presentation.

The presentation's recommendations were based on a conservative estimate made earlier by the government that annual passenger volumes at the Moscow Air Hub will reach 179 million people by 2030.

The existing airport infrastructure can handle 119 million passengers per year and will reach its limit by 2021, the Vegas Lex report said.

But infrastructure around the hubs, according to experts, is in even worse shape.

Train service to airports can carry only 86 million passengers per year and will reach its limit as early as 2017.

Domodedovo will be hit the most and will start to experience congestion problems already starting from 2015.

The Cabinet calculated that over 320 billion rubles (\$9.6 billion) would be needed to improve infrastructure in and around the Moscow Air Hub, including 124 billion rubles for the airports themselves, 116 billion rubles to improve rail connections and another 81 billion rubles to build roads, Itar Tass reported.

The Cabinet plans to find these funds in the federal, Moscow and Moscow region transportation budgets.

So far, only 49 billion rubles in total have been reserved for these needs, while the source of another 150 billion rubles is not determined.

The option of private-public partnership to build infrastructure in the vicinity of the airports was discussed at the meeting.

Initial plans of the government involved providing long-term loans with a low interest rate from the Pension Fund, under concession agreements concluded either with airport operators or with other organizations that would win tenders.

Contact the author at [a.panin@imedia.ru](mailto:a.panin@imedia.ru)

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