

Budget to Heavily Subsidize Moscow-Kazan Rail Line Until 2053

By [The Moscow Times](#)

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The construction of a new high-speed rail line from Moscow to Kazan will cost the budget 650 billion rubles (\$19.9 billion) and a similar amount in state subsidies for its operation until 2053, according to Russian Railways' calculations.

The project will require a total of 930 billion rubles of investments, 40 percent of which will come from the budget and another 30 percent from the National Welfare Fund, according to a report by the state-owned rail monopoly.

Private investors are expected to contribute 55.9 billion rubles to the capital of Skorostniye Magistraly, the company that will implement the project, Kommersant reported Monday.

The first 9.4 billion rubles of private investments should be received in 2014.

In addition, Russian Railways expects to attract a further 223.4 billion rubles through bank

loans.

The report indicated that 7.46 million passengers will use the new line in its first year of operation, 1.59 million of whom will travel the full length of the new high-speed line between Moscow and Kazan. Other passengers will stop off at the other major destinations along the line, including Nizhny Novgorod, Vladimir and Cheboksary.

The average cost of travel from the capital to Vladimir will be 1,070 rubles, compared to 2,216 rubles to Nizhny Novgorod and 3,778 rubles to Kazan.

Keeping fare rates affordable for consumers will require significant state support for the project for many years. The high-speed rail line is expected to generate a turnover of 19.3 billion rubles in 2019, predominantly from passenger travel, which is 76 billion rubles short of breaking even. Russian Railways proposes to fill the gap with massive state subsidies until 2053, but the report didn't specify the exact amount of support required for that length of time.

The state will also provide more than 100 billion rubles for the new line's construction over five years, the report said.

Both Russian Railways and Transportation Minister Maxim Sokolov said that the high-speed line will not be operational before 2019, thereby making it unavailable for the football World Cup in Russia in 2018.

But Skorostniye Magistraly said the high-speed line should be operational by 2018, the report said.

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