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Half of Russia's Regions to Miss Construction Targets

By The Moscow Times

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Half of Russia's regions are won't meet targets for housing construction due to a lack of building materials, a news report said Monday.

Russia needs more than 20 new cement factories, but companies are refusing to build new plants due to a lack of investment potential, Kommersant reported.

"It is better to modernize existing plants" said Mikhail Skorokhod, the president of Euro Cement Group Holding, which opened a new cement plant in Voronezh in November 2012 for 395 million euros.

The country also needs more than 30 enterprises for producing non-metallic materials and 15 for insulation materials, while about 200 existing cement factories need to be rebuilt, said Sergei Vakhrukov, the deputy regional development minister.

The state plans to build 0.45 square meters of new housing per year, but investment consultants SMPRO said that the figure is out of reach for most regions.

Vakhrukov said that the ministry is trying to stimulate production with particular focus on Siberia and the Far East, where subsidies on interest rates, tax rebates, and state guarantees will be made available.

In 2012, 65.7 million square meters of new housing were built compared to 62.3 million in 2011, according to the State Statistics Service.

Eventually, the authorities want at least 1 meter of housing to be built per person every year.

In 2012, 0.98 square meters per person were built in Moscow, the country's leading performer, compared to 0.8 square meters in Krasnodar region.

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