The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russian Railways Wants to Double Cost of Modernizing Trans-Siberian Lines

By The Moscow Times

February 02, 2014



Fearing it may not be able to transport growing amounts of coal from the Kuznetsk Basin, the biggest production site in Western Siberia, Russian Railways proposed to double investment into modernizing the Trans-Siberian and Baikal-Amur railroads.

The Institute of Economy and Transport Development, a Russian Railways sponsored think tank, has issued a report that estimates the cost of upgrading the two transport arteries at 1.2 trillion rubles ($34 billion) through 2020, Vedomosti reported Friday.

This is twice the initial 562 billion rubles approved by the Cabinet in April.

Justifying the cost increase, the report said by Russian Railways would transport 71.8 million tons of coal from the Kuznetsk Basin in 2020 — twice the 32.5 million tons shifted in 2012.

However, the railway monopoly's own annual statistics do not show robust growth in coal

volumes. In 2013, the company transported a total of 310 million tons of coal, up 1 percent since 2012.

A recently review of Russian Railway's modernization strategy by auditors Deloitte, PwC and EY said the company had overestimated cargo transportation volumes on the two cross-country lines over the next seven years by 25 million tons.

They also identified billions of dollars worth of possible savings in the financial plan for the reconstruction of the two railroads.

Original url:
https://www.themoscowtimes.com/2014/02/02/russian-railways-wants-to-double-cost-of-modernizing-trans-siberian-lines-a31646