

Russian Expedites Plan for \$1.3Bln Bridge to Crimea

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The proposed bridge spanning the Kerch Strait between Russia and Crimea will cost 50 billion rubles (\$1.3 billion) and could be completed in 3 1/2 years, RIA Novosti reported Wednesday.

The Crimean Kerch Strait bridge would connect Russia's Krasnodar region to Crimea, the peninsula at the center of recent Ukraine-Russia tensions. The bridge's latest cost estimate is 26 billion rubles above a 2010 Russian-Ukrainian estimate that assumed a minimum construction period of four to five years.

Russia's Transportation Ministry will pay for the bridge with extra-budgetary funds or with money diverted from existing government budgets. On Monday Prime Minister Dmitry Medvedev ordered state road construction firm Avtodor to create a subsidiary to carry out bridge work. The ministry is considering four to five project variants, with planning documents to be ready by the end of the year. The 50 billion-ruble cost could more than double if the bridge includes a railway.

Meanwhile, Ukrainian business may cost Russia a further \$10 billion in unpaid debts, Kommersant reported Wednesday. Russian banks actively invested in Ukrainian businesses, including aviation, car, and power equipment manufacturers. Now, much of those loans may go unpaid or require asset sell-offs. Sberbank is currently attempting to retrieve \$84 million in debts, while VEB says that its clients have paid on time thanks to "modification of principle debt amortization." The majority of Ukrainian guarantees are not liquid, however, and it may even be difficult to sell completed projects given the current unstable political situation.

Russia also has moved to backstop the Crimean administration's budget deficit with a 35 billion-ruble transfer, Gazeta.ru reported Monday. The money will go towards paying wages, pensions, benefits, and other expenses. Ukraine had subsidized almost 66 percent of Crimea's budget, according to the calculations of Ukraine parliament deputy Leonid Pilunsky. Russia has also appealed to business leaders to invest in Crimea. One suggested project, a yacht club and refurbished port, is estimated to cost \$160 million.

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