

Government Mulls Covering \$1.2 Bln Moscow Airport Hub Upgrade

By [The Moscow Times](#)

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Moscow's Sheremetyevo Airport

Rising loans rates and a lack of trust in Russian investors among foreign banks have forced the government to consider using money from the National Welfare Fund, originally intended to support the domestic pension system, to cover the 43 billion ruble (\$1.2 billion) cost of developing the Moscow Airport Hub project.

The plan was discussed last week at a meeting presided by First Deputy Prime Minister Igor Shuvalov, Kommersant reported Monday.

The fund was originally to shell out just 15 billion rubles for the project, leaving the private operators of Moscow's three airports — Sheremetyevo, Domodedovo and Vnukovo — to provide the remainder by securing bank loans of up to eight years with interest rates not exceeding 10 percent.

But foreign banks are reluctant to provide funding for Russian investors since the Ukraine crisis and domestic banks have since raised annual interest to between 12 and 18 percent. Securing loans at such rates would double airport charges, which would then be included in airline ticket prices. Securing the National Welfare Fund money will help keeping the tariffs low, the report said.

TPS Avia, a company controlled by businessman Arkady Rotenberg that is involved in developing Sheremetyevo Airport, may have the biggest problem in securing foreign loans, due to Rotenberg's inclusion in a list of individuals sanctioned by the U.S. over Russia's annexation of Crimea from Ukraine last month.

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