

Russian Railways, Coal, VEB bank: Business in Brief

By [The Moscow Times](#)

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Medvedev Grants Russian Railways \$370M for Infrastructure Development

Prime Minister Dmitry Medvedev has signed an order granting the state-owned Russian Railways monopoly 13 billion rubles (\$370 million) for developing its major infrastructure projects in 2014, the government said Monday.

The order says the funding is meant to develop the railway network in the country's capital and its region, to back up the construction of high-speed railway link between Moscow and Kazan, as well as to repair and upgrade railway lines in the Krasnodar region to facilitate cargo access to the main Russia's export ports on the Black and Azov seas. *(MT)*

China May Finance Elga Coal Project

China may help finance steel and coal producer Mechel's costly Elga coal project in Russia

and supply equipment for it in exchange for coal, a senior executive at a Russian state bank said on Monday.

Mechel has \$9.4 billion in debt but is seeking to develop Elga, which has among the biggest reserves of coking coal in the world. Development of the project in the remote republic of Sakha has been stymied for decades by poor transport links.

Alexander Ivanov, deputy head of Vneshekonombank's management board, said it was likely that Mechel would reach a loan deal with China Exim Bank, although he declined to say how large the loan might be.

Analysts said in 2013 that development of Elga could cost between \$2 billion and \$4 billion. *(Reuters)*

Finance Ministry Predicts Near Zero Growth

Russia's Finance Ministry forecast on Monday that economic growth in the remaining quarters of this year would be close to zero, and could contract in one quarter.

Maxim Oreshkin, director of the ministry's long-term planning department, also said the department expects inflation to reach between 7.2 and 7.3 percent in April and 7.5 percent in June, but fall below 6 percent by year-end.

It expects the country's net capital outflow to reach \$70 billion to \$80 billion in 2014, with the current account surplus rising to more than \$50 billion, Oreshkin said.

The Russian economy grew 0.8 percent in the first quarter and annual inflation stood at 6.9 percent in March. *(Reuters)*

Development Bank VEB Considers Shift to Asian Debt Markets

Russia's state-owned development bank, VEB, may turn to Asian debt markets as political tensions threaten to push it away from the U.S. and Europe, its deputy chairman said on Monday.

VEB is a major source of long-term funding for investment projects in strategic sectors defined by Russia's government. Its supervisory board is headed by the prime minister.

Its loan portfolio totaled almost 500 billion rubles (\$14 billion) in 2011 and it aims to increase that to 850 billion rubles by 2015.

Ivanov said VEB has been trying to boost its presence in Asia.

"This is a large market and we have been looking at it for quite a long time ... Over the long term, these markets may supplant the European and American markets for us, but it will not be quick," he said. *(Reuters)*

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