

Indebted Builder Kosmos Loses Moscow Tunnel Contract

By [The Moscow Times](#)

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The tunnel cost from 25 to 30 percent of the 63 billion ruble total for developing the Sokol section of the Bolshaya Leningradka plan, a scheme that envisioned a massive road reconstruction project running from the Kremlin all the way to Sheremetyevo Airport.

The Moscow City government intends to tear up its contract with Kosmos, a debt-ridden construction firm, whose multi-billion ruble work on the Alabyano-Baltiisky tunnel project in northern Moscow has seen repeated delays.

Deputy Mayor Marat Khusnullin has promised that a new tender will be offered for the work, and that the government will demand compensation from Kosmos for the failure to fulfill the contract, Vedomosti reported.

Kosmos' recent setback is only one of the company's many financial problems. According to a source within the Mayor's office, Kosmos has been consistently late on paying back a 7 billion ruble loan to Bank Moskvyy. Despite its debts the company has also drastically underbid

competitors on several projects. In 2011 Kosmos won a tender for reconstruction on Bolshaya Akademicheskaya street for 6.3 billion rubles (\$174 million), 27 percent lower than its competitor Mostotrest's bid of 7 billion rubles.

Sergei Chebotarev, a director at Kosmos, said in May 2013 that the tunnel cost from 25 to 30 percent of the 63 billion ruble total for developing the Sokol section of the Bolshaya Leningradka plan, a scheme that envisioned a massive road reconstruction project running from the Kremlin all the way to Sheremetyevo Airport.

Since mid-2013, the company has paid out more than 1.1 billion rubles in 60 lawsuits to organizations for broken contracts.

Construction on the Alabyano-Baltiisky tunnel began in 2007 but the 2009 completion date was pushed back several times. In September 2013, a single lane of the tunnel opened for business but then closed due to flooding.

A source at the mayor's office noted that the company now has little chance of survival. According to his information, Kosmos' debt stands at 10 billion rubles and has few contracts. In 2013, data from SPARK-Interfax showed that the company had only one contract, worth 5 billion rubles.

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