

EU Sanctions Force Russian Train Maker to Drop Projects With Caterpillar, Bombardier

By [The Moscow Times](#)

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Russian soldiers are pictured next to a tank in Kamensk-Shakhtinsky, Rostov region, near the border with Ukraine.

Russian tank and railcar maker UralVagonZavod (UVZ) has frozen its joint projects with U.S. engineering giant Caterpillar and Canadian plane builder Bombardier due to the impact of EU sanctions against Moscow over the Ukraine crisis, UVZ's general director said Thursday.

"Sanctions are having an effect. Because the payments are coming through with difficulties, we've closed several projects with our partners," Oleg Siyenko said, Interfax reported.

Among the projects that have been put on hold, he said, is the joint manufacture of locomotives with Caterpillar and train production with Bombardier.

UVZ began experiencing problems with long-term financing after the EU imposed sanctions

in late July that limited the access of Russian state-owned banks to European capital markets.

This measure hit the company hard because state banks were UVZ's main creditors and also offered the company guarantees on its current financial flows, Siyenko said.

"Now we are considering asking for state guarantees, but this does not provide the banks with any extra funds," he said.

In late August the government said it would support VTB and Rosselkhozbank, two of five major state banks hit by the sanctions, with 239 billion rubles (\$6.6 billion) by buying out their newly issued preferred shares. Earlier that month those banks asked for nearly \$4 billion to shore them up after they had been excluded from long-term Western capital markets.

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