

Russian Train Maker Wins \$2.6 Billion Moscow Metro Tender After Foreign Firms Back Out

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Russian train maker Metrovagonmash has won a massive international tender to supply 96 trains for the Moscow metro after major foreign producers including Siemens and Bombardier shied away from taking part, the TASS news agency reported late last week citing tender documents.

Metrovagonmash, a subsidiary of Russia's biggest rail car and equipment producer Transmashholding, offered to supply the new trains and service them over a 30-year period for just over 130 billion rubles (\$2.6 billion), 2 billion rubles under the starting price, the tender documents said.

The company, which has been the metro's sole train supplier since the 1930s, was the only bidder. Although major foreign train makers such as Siemens, Bombardier, Alstom, CAF and

Hyundai earlier expressed interest in the tender, none participated.

In February, Metrovagonmash won a similar tender to supply and service 832 metro cars, also worth about \$3 billion. That contest too was open to international bidders, but again no foreign manufacturers entered bids.

Speaking before journalists earlier this month, Dietrich Moeller, the head of Siemens Russia, said the requirements of the upcoming metro tender were "harsher" than similar supply contests the company participates in around the world, and expressed doubts that Siemens could win.

One of the tender's requirements was to localize over 70 percent of train production in Russia, which none of the foreign train manufacturers were immediately able to meet.

Canada's Bombardier, Russia's Uralvagonzavod and a joint venture of Russia's Sinara and Spain's CAF last week wrote a letter to the Russia's antitrust watchdog complaining that the tender had been designed to benefit a single bidder, business daily Kommersant reported.

Transmashholding was until recently part-owned by Maxim Liksutov, who is now Moscow's deputy mayor and the head of City Hall's transportation department, where he is responsible for infrastructure projects and rolling stock contracts. Liksutov sold his stake in 2012 after entering City Hall to comply with a law prohibiting government officials from involvement in business activity.

Russia's state rail company, Russian Railways, owns a 25 percent stake in Transmashholding. France's Alstom also owns 25 percent, and businessmen Iskander Makhmudov and Andrei Bokaryov hold a controlling stake of 50 percent plus one share.

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