

Fradkov Could Lose Russian Railways Job Over EU Sanction Fears – Reports

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Vedomosti

The former chief of Russia's Foreign Intelligence Service may be kept from heading Russia's state railway company over fears that his association with Western sanctions could cause the firm to default, [the Kommersant newspaper reported Tuesday](#).

Mikhail Fradkov, who was tipped to become the new head of Russian Railways last month, has been targeted by European Union sanctions since July 2014.

Officials now fear that his appointment could cause investors to demand the early repayment of the company's bonds. "Russian Railways has no money," one unnamed source told Vedomosti. "It will default."

Oleg Belozero is likely to remain as company president, while Deputy Prime Minister Arkady Dvorkovich will continue as head of the board, two sources close to the company told the newspaper.

Eurobonds

counted for 40 percent of Russian Railways' net debt of 635.9 billion rubles (\$10 billion) in the first half of 2016, according to International Reporting Standards.

The sanctions against Fradkov, put in place in response to Crimea's annexation, prohibit European firms from doing business with him as an individual, but would not extend to the company as a whole, experts told Vedomosti. Although bondholders would not be able to legally demand early repayment, Fradkov's appointment could still affect the bonds' value.

The Kremlin, Russian Railways, and Arkady Dvorkovich, did not comment on the report.

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