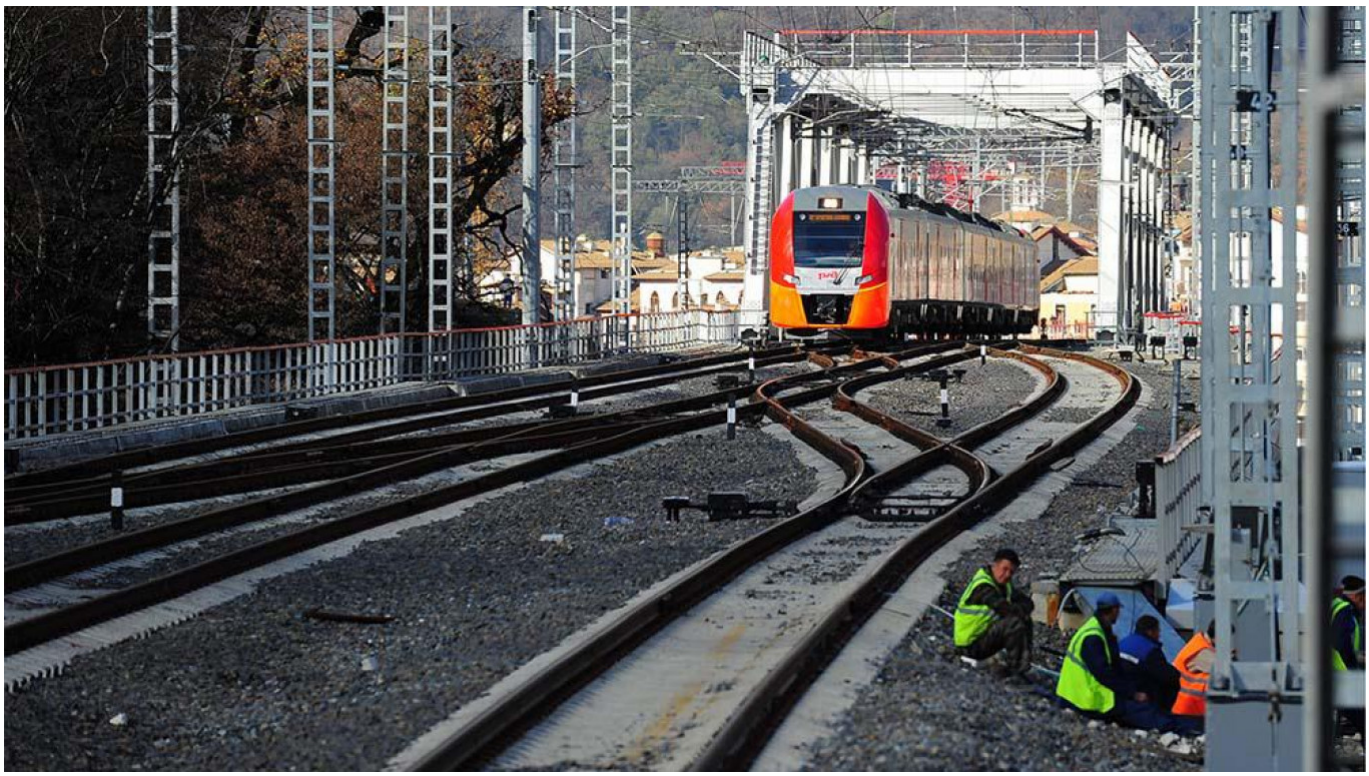
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New Crimea Railroad Could Cost Russia Extra $1.7 Bln

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Vladimir Smirnov / TASS

Officials in annexed Crimea are deciding whether to spend 100 billion rubles ($1.7 billion) to upgrade and expand the region's rail network as part of a bridge project connecting the peninsula to mainland Russia.

Russia launched construction of the $4-billion road and rail bridge after annexing Crimea from Ukraine in 2014. A company owned by President Vladimir Putin's judo partner Arkady Rotenberg won the contract for the project due to be completed by December next year.

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The upgrade to the region's railroads will be financed either through concessions or project bonds, a Crimean government representative was cited as saying by the Vedomosti business

daily.

An unnamed federal official said Rotenberg's firm, Stroigazmontazh, would not formally take part in the railroad's construction because of U.S. sanctions. State-run Russian Railways is also likely to avoid operating the new network for fear that it will fall foul of sanctions on companies that operate in Crimea, Vedomosti cites a development center expert as saying.

"This is a broad estimate prior to formal review, which could either increase or decrease," Sergei Aksyonov, Crimea's prime minister, told Vedomosti in reference to the 100 billion ruble cost.

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