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Top story



Government mulls Moscow St Petersburg highway options

bne

The Russian government is planning to build an improved highway between Russia's twin capitals - Moscow and St Petersburg and is currently studying a number of routes. •

China-Kazakhstan-Russia highway may stretch to Kaliningrad

bne

Russian Transportation Minister Igor Levitin has said that the future China-Kazakhstan-Russia highway may stretch to Russia's Baltic exclave of Kaliningrad thus crossing Belarus and Lithuania, reports Prime-Tass.

The news agency quoted Levitin as saying that under previous plans, the highway, which is to border with Kazakhstan near the Russian city of Orenburg, was expected to stretch to St. Petersburg. •

How much do Moscow's roads cost?



In 2011-2013, 139 billion rubles (\$4.5 billion) will be allocated for road construction in **Moscow**.

Average cost of constructing 1 kilometer of road

million dollars

	Moscow (2011)	51.7
	Russia (2010-2015)	17.6
	EU	6.9
	United States	5.9
	China	2.2

Calculations take into account:



Buying land



Redirecting lines of communication



Relocating those, who live in the line of construction

These expenses make up around 30 percent of the cost of 1 km of road



Sources: article by **N. Krichevsky**, Doctor of Economics; interview with Russia's Transport Minister **I. Levitin**

The cost of highway construction includes many factors:



Number and width of lanes



Type of ground, lay of land



Number and characteristics of road constructions (bridges, tunnels, overhead roads)



Level of development in the area

Government Recognises Asia as Priority

VTB Capital

Vedomosti reports that the Ministry of Transport has suggested constructing a BAM-2 railway with an investment programme of over USD 33bn. This comes on the heels of the recently concluded China- Russia agreement, which envisages coal supplies of 15mtpa over the next five years (with a further expansion to 20mtpa) and includes a USD 6bn loan to finance new projects in mining and the creation of the required transport infrastructure.

The Far East is a major destination for Russian exports. On the one hand, China is now consuming (in some cases) over 50% of global production in raw materials. On the other hand, Siberia and the Russian Far East have a lot to offer.

Russia has massive coal development projects which are under consideration: Mechel's Elga, the Tuva coal projects by OPK and Evraz, Norilsk's investments in the Chita region (copper, iron ore), the expansion of RUSAL and the growth of Raspadskaya, not to mention SUEK, KTK and Belon. And these are only the names which are being discussed widely: Russian reserves actually allow



for much more (such as iron ore development projects in the Irkutsk region).

Infrastructure and high transport costs are, naturally, barriers that arise when taking decisions about developing these deposits. As a result, China only accounted for 8% of coal exports from Russia in 2009.

In addition to what it could mean for the potential growth in mining, we also note that a project like this would be positive in the longer run for Evraz and Mechel as it would obviously require quite a bit of rails.

Constructing a second BAM railway is only possible in the longer term and it is too early to get overly excited about it. However, the attention to this issue coupled with recent deals with China are positive for the metals and mining industry, sentiment-wise, as infrastructure remains one of the biggest hurdles on its growth path. ●

Minister sees Russian govt investing \$125mn in Mongolian rail

bne

Russian Transportation Minister Igor Levitin has said that the Russian government is expected to invest \$125mn in Mongolia's Ulan Bator Railroad, reports Prime-Tass.

The news agency quoted Levitin as saying that the Russian Transportation Ministry had submitted a draft Russian-Mongolian accord on the investment to the Russian government. ●

Moscow mayor's \$130 billion transport modernization plan rejected

Ria Novosti

The Russian presidential council for financial market development has rejected an initiative put forward by the Moscow Mayor to spend some 4 trillion rubles (\$130 billion) over the next 10 years on modernizing Moscow's transport infrastructure, a Russian business daily said on Tuesday.

Mayor Yury Luzhkov's initiative was part of a greater plan, first put forward by Russian President Dmitry Medvedev in 2008, to turn Moscow into an international financial center.

A government official told Vedomosti that Moscow's success as a financial center depends on the government's ability to solve the city's traffic problems.

Luzhkov sent a letter to Prime Minister Vladimir Putin, asking him to support a long-term federal transport program for the Moscow region. He asked for funds for the construction of an additional 365 kilometers (227 miles) of railroads and some 100-120 kilometers (62-75 miles) of metro lines, Vedomosti said.



Luzhkov has calculated that a minimum of 4 trillion rubles are needed over the next 10 years. Currently, Moscow has a budget of 300 million rubles (\$9.7 million) for all modernization projects including transport, the mayor said.

The official told Vedomosti that the city authorities were ready to increase the budget by up to 1 trillion rubles (\$32.4 billion) in the next 10 years, but the rest should be covered by the state budget and private investments.

A Russian Finance Ministry official said such a large allocation was impossible.

"Moscow can optimize its own spending on road construction and take most of it [the requested money] from its own budget," he said. ●

Moscow officials perform acrobatics in Khimki forest

bne

Moscow officials performed acrobatics yesterday, as they somersaulted to remove their support for looking at alternative routes for the Moscow - St Petersburg highway, which was halted in August by President Dmitry Medvedev. The president demanded further consideration of the route for the road in the face of years of protest over plans to take it through Khimki Forest.

Moscow Mayor Yuri Luzhkov had not previously commented openly on the road, but was widely believed to be offering tacit support to environmental protestors. That support was rumoured by some to stem from business interests. However, yesterday he came out to cheer for the planned route in a commentary published in Rossiiskaya Gazeta. "The planned and agreed route

should stay. It is realistic," Luzhkov wrote, according to The Moscow Times. "Some sacrifices have been made, and it is a pity. But the price is more justified than the alternatives,"

At the same time, Oleg Mitvol - outspoken prefect of Moscow's northern district and a close ally to the mayor told gzt.ru that "All my words lately, unfortunately, have been distorted and falsified."

Mitvol has long extolled the virtues of routing the highway via one specific alternative route - namely via the village of Molzhaninovo, rather than the ancient forest - and has also told the press that Luzhkov is of the same mind.

According to the Moscow Times, state company Russian Roads approached Moscow city authorities with the Molzhaninovo proposal in 2005, but were told that the land was off-limits because it included a nature reserve. However, Vedomosti reported in August 2009 that much of the land in question had been handed over to Inteko, the construction company owned by

Luzhkov's wife, Yelena Baturina. Inteko, which planned to build a residential neighborhood there, announced last month that it had canceled the project last year.

Those that celebrated Medvedev's order to halt the construction of the road were always missing the elephant in the room. The route through the forest has been decided for years - despite court cases and objections from heavyweights such as the EBRD, which pulled out of investing in the scheme over the issue.

The brownie points the Kremlin has earned by apparently listening to protests and suddenly stopping the project for "further consideration" are merely the cherry on the cake. What it really needed to do perhaps was delay construction in order to sort out the bickering over the booty between Moscow City and Moscow Region?

The about face from Moscow city authorities yesterday suggests that this quarrel has now been put to bed. ●

Public hearing on Khimki highway project to be held on September 16

Ria Novosti

Russia's Public Chamber will hold a hearing on the construction of a controversial highway through a forest outside Moscow on September 16, a source in the chamber said on Monday.

The chamber, which was set up to provide oversight of new legislation, has a consultative role only.

President Dmitry Medvedev ordered the suspension of plans to construct a toll highway between Moscow and St. Petersburg through the centuries-old Khimki forest north of the capital on August 26, before further public and expert consultation.

He said the decision was made after appeals from environmentalists, opposition groups, groups of experts and the governing United Russia party.

"Demands for more analysis" of the project have also been made by Moscow Mayor Yuri Luzhkov, who said he had been opposed to the construction all along. Environmentalists and their new

ally Luzhkov are proposing alternative routes for the highway to bypass the forest.

There has been outrage at the highway construction plan from local residents and environmental groups. Campaigners protecting the Khimki forest have been the subject of several raids by police and attack by unknown assailants.

In 2008, the editor of a Khimki newspaper, Mikhail Beketov, was severely beaten by unknown attackers after speaking out against the highway.

Up to 2,000 people turned out for a concert in central Moscow on August 22 to protest against the highway.

The Federal Road Agency (Rosavtodor) has denied reports from environmentalists that the destruction of the forest is still going on in spite of Medvedev's orders, but Ogonyok magazine said on Monday that trees are still being cut down. ●



Ramping up road safety and Russian infrastructure

Modern Russia

Good basic infrastructure is essential for economic development anywhere, and in a country as vast as Russia it is as much a challenge as a necessity.

The recent completion of a new highway linking the cities of Khabarovsk and Chita - the first ever to cross the remote wilderness between Siberia and Russia's Far East - was therefore hailed as historic by Prime Minister Vladimir Putin. The prime minister marked the event in late August with a 2,000km road trip across Siberia in a canary-yellow Lada, noting that Russia "has never in its history been fully linked up with highways".

Last year President Dmitry Medvedev underlined the need to tackle chronic under-investment in Russia's 50,000km road network. As of 2011, a new federal fund financed by additional taxes on gasoline and vehicles should generate 377 billion roubles (\$12.5 billion, €9.7 billion) per year in order to upgrade 45,000km of federal highways and to build 14,000km of new roads by 2015.

Authorities also want to improve road safety, an area where Russia, with nearly 285 fatalities per million inhabitants a year, still lags far behind its international partners (in the EU, for example, the figure is 70 in 2009.) The Russian government is considering adopting a number of German traffic rules and technical standards, and the German Transport Ministry recently announced it had already started translating them into Russian.

The government hopes that better road connections will help strengthen the country's economic performance, increasing the mobility of workers, improving Russia's integration into international transit corridors and spurring the development of services in the transport sector. Russian infrastructure development is also one of the main pillars of the Siberia 2020 strategy, which aims to diversify the region's economy by encouraging the development of its high-tech, science, and tourism industries. ●

Russia infrastructure news

Aeroflot sues Moscow for traffic jam

bne

Aeroflot has filed a lawsuit against the Moscow city government, seeking compensation for losses caused by a days-long traffic logjam on a highway leading to Sheremetyevo Airport, reports The Moscow Times.

Citing court documents, the newspaper report says that traffic on the busy Leningradskoye Shosse all but came to a standstill at the end of June after city authorities closed off four of its six lanes, citing the need for urgent repairs.

AFI to fund car park infrastructure at Moscow City

Renaissance Capital

Event: According to Vedomosti (1 Sep) AFI has agreed with the Moscow city government that it will provide funding to complete a car park infrastructure investment at Moscow City. According to the report, the local government had intended to fund the project itself but has now asked AFI to complete the car park, which will cost around RUB1.5bn (\$52mn), while Mikhail Prokhorov will provide financing to complete the concert hall.

The Mall of Russia at Moscow City is AFI's most valuable asset to-date, and once complete and let has the potential to materially enhance the company's cash flow profile. We estimate that

a development of the Mall of Russia's size needs an average daily footfall of around 30k, though the Mall of Russia itself only has around 2,700 parking spaces, which seems inadequate, in our view. This reported agreement, which should ensure the completion of additional facilities, is if substantiated, a positive development in our view. However, we are still relatively skeptical given the absence of good public transport, and the fact that Moscow City is not yet seen as an established retail destination. Shares in AFI currently trade at a 47% discount to their current NAV vs the sector average discount of 38%.

David Ferguson

Mostotrest's board approves an IPO of 25% of common shares

Metropol

Mostotrest's board of directors approved the sale of 62.06mn common shares, or 25% of the current total, at an IPO. The company did not release any other details.

Mostotrest's Chairman Michael Abizov recently said the IPO would be scheduled for autumn 2010 or early 2011, while media reported that the company hopes to raise USD 500mn. Given this figure, the company's shares could be sold at a 66% premium to the lastest price (given the ongoing split of shares) during the IPO. We believe the news could have a positive effect on the shares, when they start trading.

We reiterate our Buy recommendation on the stock. Our fair value for the shares after conversion will be USD 7.14.

Russian Railways to start selling tickets for French trains October

bne

Mikhail Akulov, the CEO of Federal Passenger Company, a unit of Russian Railways, says that the company is expected to start selling tickets for trains of French railways SNCF in October, reports Prime-Tass.

The news agency quoted Akulov as saying that Federal Passenger Company, SNCF, and its affiliate Rail Europe are expected to sign a contract for the Russian company to sell tickets for domestic and international trains in the French railway system.

Sapsan adds routes to Nizhny Novgorod

bne

Russian Railway's Sapsan train will now run twice daily between Nizhny Novgorod and Moscow, reports The Moscow Times.

Citing a statement issued by the newspaper report, the news agency says that the Sapsan — or peregrine falcon in Russian — began traveling between Moscow and St. Petersburg in mid-December, slashing travel times between the country's two main cities to just under four hours.

Sheremetyevo Airport plans to up passenger traffic 19% in 2010

bne

Moscow's Sheremetyevo Airport plans to increase its passenger traffic around 19% on the year to more than 17.5 million people in 2010, reports Prime-Tass.

Citing a statement issued by the company, the news agency says that the airport plans its cargo traffic to amount to 215,000 tonnes in 2010.

UAC wants special govt bonds to support aircraft sales in Russia

bne

Alexei Fyodorov, the president of the United Aircraft Corporation (UAC) says that the corporation expects the Russian government to start providing in 2011 special government bonds to support sales of domestic aircraft, reports Prime-Tass.

The news agency says that under the proposed scheme, banks are to provide loans with an interest rate lower than the interest rate prevalent on the market to buyers of Russian planes, while the government is in turn to issue special bonds to compensate banks' losses from a lower interest rate.

Russia infrastructure finance & statistics

Globaltrans publishes 1H10 financial results

Renaissance Capital

Globaltrans (B1/Stable) reported strong 1H10 numbers yesterday (7 Sep). Adjusted revenues were up 28% on the back of an increase in the average amount of rolling stock (up 14%) and the average price per trip (increase in regulated tariffs by around 5-6% and improvement of cargo mix), and despite a 6% fall in the number of loaded trips due to adverse weather conditions in 1Q10. The EBITDA margin reached 44%, mostly due to a decrease in the empty run ratio (down to 42% [and to 38% in summer months] for gondolas, vs 54% in 1H09) and a decrease in maintenance costs.

In this segment of the curve, Bashneft bonds yield 8.5% and Evraz 9.77%. We think Globaltrans' rouble bonds are fairly valued, in light of the company's leverage and the manner in which economics are distributed throughout the ferrous metals industry's value chain.

Management comments at the conference call included:

- The regulator has decided to strip out the infrastructure charge from the blended tariff - due at YE11. This will allow Globaltrans to increase its locomotive fleet and operate a more profitable model from then onwards.
- There will be a unification of the empty run tariff from the beginning of 2011.
- The regulator thinks that the merger of Globaltrans with Second Freight Company (SFC) is not beneficial for the market - strategically, the merger might have benefited Globaltrans, but the unknown price and worry if management was up to the challenge to run a much bigger company are now removed and should no longer hinder stock performance.

Based on Globaltrans' plans to add another 5,000 gondola railway cars (9% of its fleet) in 2011, and the likelihood it will play the role of a consolidator acquiring small players, we estimate the company's total capital expenditure in 2010 may around \$255mn (January through July the company has spent \$144.6mn).

Globaltrans' 1H10 financial results were very positive in our view. However, we highlight the significant increase in working capital, as at 31 Dec 2009 it was \$70.4mn (or 6% of revenue) and at 30 June 2010 it was already \$113.7mn (or 10.36% of annualised revenue). The growth was driven by a change in the terms of some of the company's transportation agreements from prepayments to a post-payment basis. As a result, the company's

current trade receivables have increased 38% to \$177mn from the beginning of the year.

In terms of credit metrics, Globaltrans appears to us to be rather comfortable. Net debt to adjusted EBITDA is at 1.1x. After the balance sheet date, Globaltrans refinanced its short-term debt with a five-year RUB3bn bond and a rouble-denominated bank loan equivalent to \$36.3mn. The proceeds of the rouble bond issue and the bank loan were used to repay a \$73.8mn loan and \$54.9mn financial lease liability. As a result, the company's total debt changed insignificantly and is now at \$448.2mn, according to our estimates. Taking into account Globaltrans' aggressive investment plans, we think the company's debt will continue to increase.

Ivan Kim

GLOBALTRANS: Strong 1H10 IFRS Results

Aton

Globaltrans has today (7 Sep) released its 1H10 IFRS results, which were better than we had anticipated on an annualised basis, as well being stronger than the market consensus. We view the results as relatively strong, and for the most part supportive of our BUY rating for the stock.

When viewed in comparison with 1H09, Globaltrans demonstrated fairly impressive YoY growth in revenues and operating margins, with both adding approximately 50%. Cargo volumes continued to recover in 1H10 and based on the company's calculations have almost reached pre-crisis 1H08 levels (coal at 96% of 1H08 cargo volumes, metals at 85%, and oil and oil by-products 7% above the 1H08 level). Globaltrans indicated that a shortfall in railcar capacities available on the market had created a favourable pricing environment for the respective available capacity.

EBITDA improved more than 40% YoY, with the EBITDA margin rising from 23% in 1H09 to 28% in 1H10, thanks to costs growing at a slower pace than revenues. At the same time, Globaltrans's net income has almost tripled YoY. We believe that the main reasons for the significant net income improvement are a reduced interest expense over the period and an increased absolute operating profit figure.

Even if we compare Globaltrans's 1H10 results with 2H09, which was less affected by the crisis vs 1H09, the company managed to show 6% growth in revenues, a 16% increase in EBITDA and a

13% addition to net income. We view this as an impressive result bearing in mind the absence of the low base effect which was the case in 1H09.

GLOBALTRANS DASHBOARD

Russia's largest private railcar operator with a modern fleet. Globaltrans is the largest private owner of gondola railcars in Russia and with the acquisition of Balttransservice (BTS) in 2009, it became the largest private rail_tank_fleet owner in Russia, too. Globaltrans has one of the most modern railcar fleets in Russia, which can be viewed as an additional competitive advantage in the sector.

BULL POINTS

_Healthy exposure to the early cycle of an economic recovery in Russia, and the only equity exposure to the Russian railway transportation sector

_Strong relationships with a solid customer base (LUKOIL, Rosneft, TNK_BP, Severstal, NLMK, Evraz) results in a high fleet utilisation rate

_Solid revenue growth and high profitability

_Large, modern railcar fleet combined with efficient route management

BEAR POINTS

_Strong dependence on Russian Railways as the monopoly owner of railway infrastructure

_High dependence on a few key customers which generate the majority of its revenue

_Un liberalised locomotive traction services do not allow the company to derive the full possible benefits from the ownership of locomotives

In September, Mostotrest will release - for the first time ever - consolidated IFRS results for 2008, 2009 and 1H 10

Metropol

For the first time, Mostotrest will report consolidated IFRS results for 2008, 2009 and 1H 10. The company did not provide an exact date, but said the report will be released towards the end of September.

According to our estimates, by consolidating Inzhtransstroy and Transstroimekhanizaciya, Mostotrest increased its market share from 6% to 11% in 2009. We believe the company's consolidated revenue for 2009 increased by 190% to RUB 95.9bn, compared to unconsolidated revenue of RUB 33.1bn. At the same time, we

expect Mostotrest to post lower EBITDA margin and net margin results for 2009 compared to the unconsolidated results of 18.3% and 10.2%, respectively. Lower profitability from Inzhtransstroy and Transstroimekhanizaciya were likely the key factors behind the lower consolidated margins, in our view.

The report should also indicate how much Mostotrest paid for assets acquired in 1H 10. We believe the company paid a low price and official confirmation could have a positive impact on the shares.

Share split should boost shares; we look forward to hearing IPO details. With the share split accomplished, the stock should start trading again before September 17, according to the company. We believe the shares will begin trading at a higher price than their previous close due to higher liquidity.

Mostotrest's board set September 28, 2010 as the date for its EGM, which will decide on an underwriter for the planned IPO. We believe that by that time, the company will have provided some details on the IPO and the company's valuation. We think this could exceed the last market price, since management could include a premium due to the size of the company, improved corporate governance standards and increased transparency.

Softened grain export embargo - no more than a short-term positive for NCSP

Metropol

Russian government officials reported on Wednesday that the grain export embargo, which was introduced on August 15, does not relate to exports under governmental agreements and humanitarian relief programs. Commercial exports are still prohibited until December 31.

We believe the news could have a positive impact on NCSP shares, although only for the short term. In our view, the midterm impact will depend on the port's ability to attract alternative grain cargoes from Kazakhstan and Ukraine. This could prove difficult, given the weak grain yields in these countries due to poor weather conditions. NCSP is therefore unlikely to fully compensate for lost grain handling revenues, which account for 20% of stevedoring service revenues and 13% of total revenue.

Since we expect only a short-term positive impact on NCSP shares, the rally that began on September 1 is likely to be exhausted in the near future.

We maintain our Buy recommendation on the shares with a fair value of USD 15.61 per GDR.

Russia roads

Kazan expects to get RUB39bn from govt for road project by 2013

bne

The city of Kazan expects to receive RUB39bn from the federal budget to finance road construction projects prior to the World Student Games to be held in the city in 2013, reports Prime-Tass.

Citing a statement issued by the city hall, the news agency says that the funds are expected to be received and spent by the end of 2012 on the construction of 12 road conjunctions, roads, and crosswalks.

Lafarge launches road metal plant worth over EUR12mn in kyiv region

bne

France's Lafarge Group has launched a road metal plant with the projected production capacity of 900,000 tonnes per year on the basis of the Koscheyevske granite deposit ten kilometers from Fastiv (Kyiv region), reports Interfax.

Citing a statement issued by the group, the news agency says that investment in the plant has reached over EUR12mn.



Moscow Region governor claims Khimki residents support controversial highway

RIA Novosti

Moscow Region Governor Boris Gromov is going to ask President Dmitry Medvedev and Prime Minister Vladimir Putin to take into account the opinion of citizens who support the construction of a controversial highway through the Khimki forest north of Moscow, the governor's press service said on Wednesday.

Medvedev ordered the suspension of plans to construct a toll highway between Moscow and St. Petersburg through the centuries-old forest on August 26, as a result of a large-scale public protest against the project. The president said additional public and expert consultation should be held on the issue.

Following the president's order, a poll was held among Khimki residents to find out if they support construction of the road, the governor's press service said. Some 20,000 people signed letters to Putin and Medvedev asking them to continue construction, according to the report.

"That is why in my letters I consider this opinion of Khimki residents first of all, as well as multiple investigations that had been already conducted while the project was being developed," Gromov was quoted as saying.

More than 186,000 people live in Khimki.

On Monday, Russian environmentalists sent a letter to President Medvedev asking him to take personal responsibility for the issue and ensure direct and transparent dialog for all sides involved in the dispute.

Russia's Public Chamber, which examines new legislation, will hold a hearing on the highway's construction on September 16.

Official sees spending on Novosibirsk bridge up to RUB3bn

bne

Spending on the construction of an automobile bridge across the Ob River in the Russian city of Novosibirsk is expected to double on the year to at least RUB3.2bn in 2011, reports Prime-Tass.

The news agency quoted city's Mayor Vladimir Gorodetsky as saying that the regional and city governments are expected to allocate RUB850mn each for the project next year.

Petropavlovsk Group to float non-precious metals division in October

RIA Novosti

London-listed Petropavlovsk Group, which owns gold-mining assets in Russia, plans to float shares of its non-precious metals division, including its iron-ore business, in an Initial Public Offering (IPO) on a Hong Kong exchange in October, the company said on Friday.

The division was reorganized into a new subsidiary named IRC Ltd, the company said in a statement.

"The non-precious metals division comprises a mining business which is focused on exploring for, developing and operating industrial commodity projects in the Russian Far East and the north-eastern region of China," the company said.

"Its business includes the Group's interests in the mining and processing projects at Kuranakh, Kimkan & Sutara, Garinskoye, Kostenginskoye, Garinskoye Flanks and Bolshoi Seym, the Vanadium Pentoxide joint venture, the Titanium Sponge project as well as supporting the bridge and seaport infrastructure projects, and its interest in the Giproruda Technical Institute."

The decision to hold the IPO in Hong Kong reflected the location of IRC's asset portfolio and its proximity to IRC's target customers, equipment suppliers and sources of capital, Petropavlovsk said.

Public hearing on Khimki highway project to be held on September 16

RIA Novosti

Russia's Public Chamber will hold a hearing on the construction of a controversial highway through a forest outside Moscow on September 16, a source in the chamber said on Monday.

The chamber, which was set up to provide oversight of new legislation, has a consultative role only.

President Dmitry Medvedev ordered the suspension of plans to construct a toll highway between Moscow and St. Petersburg through the centuries-old Khimki forest north of the capital on August 26, before further public and expert consultation.

He said the decision was made after appeals from environmentalists, opposition groups, groups of experts and the governing United Russia party.

"Demands for more analysis" of the project have also been made by Moscow Mayor Yuri Luzhkov, who said he had been opposed to the construction all along. Environmentalists and their new ally Luzhkov are proposing alternative routes for the highway to bypass the forest.

There has been outrage at the highway construction plan from local residents and environmental groups. Campaigners protecting the Khimki forest have been the subject of several raids by police and attack by unknown assailants.

In 2008, the editor of a Khimki newspaper, Mikhail Beketov, was severely beaten by unknown attackers after speaking out against the highway.

Up to 2,000 people turned out for a concert in central Moscow on August 22 to protest against the highway.

The Federal Road Agency (Rosavtodor) has denied reports from environmentalists that the destruction of the forest is still going on in spite of Medvedev's orders, but Ogonyok magazine said on Monday that trees are still being cut down.

Russia trains

Court sides with antitrust in dispute with Russian Railways

bne

The Federal Antimonopoly Service has said that the Federal Arbitration Court for the Moscow District has upheld an antitrust injunction against Russian Railways over passenger train services, reports Prime-Tass.

The news agency says that the court upheld lower court rulings in favor of the watchdog.

Investments into Khasan - Rajin railway construction estimated at RUB8bn

bne

Investments into the modernization of the railway Khasan (Russia) - Tumangan (Korea) - Rajin (Korea), as well as construction of container terminal in Rajin port is estimated at RUB8bn, reports SKRIN.

The news agency says that the project may be implemented in 2013.

Moscow gets 2 new metro stations

bne

Two new stations at the north end of the Light Green metro line, Dostoyevskaya and Marina Roshcha, opened Saturday, June 19, despite complains that murals in the one of them might inspire people to commit suicide, reports The Moscow Times.

The newspaper report says that Dostoyevskaya's murals show scenes from the writings of Fyodor Dostoevsky, including a man about to murder an old woman with an ax. The artwork remains untouched, even though it was dubbed „gloomy and aggressive“ by psychologists in May, when the stations were originally scheduled to open.

Rail boss calls for subsidies for farmers, not transport operators

RIA Novosti

Subsidies for railway grain transportation should be given to farmers, not to transport operators, Russian Railways (RZhD) President Vladimir Yakunin said on Thursday.

“Our position is that we should not subsidize the railways, but the grain producers, so that they can deliver it to the market,” Yakunin told an RZhD directors' meeting, adding that the government was now discussing the issue.

“Proposals to reduce tariffs by 50 percent have appeared. I should remind you that special tariffs for the Far Eastern region are set to ensure the competitiveness of Russian grain on foreign markets. But since exports are banned now, what's the aim of doing so?” he said.

Railway Cargo Turnover: Running Through Fires

VTB Capital

News: On Friday, Russian Railways reported highlights of its August operating statistics. Cargo turnover for the month was up 4% YoY to 172bn tonne-km, bringing YTD growth to 11% YoY.

Our View: This confirms that, despite the record-breaking heat wave and fires, Russia's transportation sector (and the economy overall) remained on the recovery track. Despite all the worrying and the pessimistic expectations, the impact of the abnormal weather on transportation volumes was very limited. The main sectors which saw weak dynamics were the metallurgical industry and construction. The former demonstrated flat MoM dynamics in ferrous metals (2% YoY) and coke (-9% YoY) deliveries. Construction works appeared to see a slowdown, as reflected by the reduction in cement (-1% MoM, 12% YoY) and building materials (-5% MoM, 11% YoY) deliveries. At the same time, the heat helped coal deliveries, which rose 3% MoM (-4% YoY) likely on growing demand from utilities companies, having faced a 6% hike in electricity consumption. Transportation of other cargo was not materially affected by the weather conditions.

Elena Sakhnova

Russia's 2nd Cargo Co to spend over RUB140bn on cars by 2015

bne

The Second Cargo Company, a yet-to-be-created subsidiary of state-owned Russian Railways, is expected to spend over RUB140bn by 2015 to buy and upgrade railroad cars, reports Prime-Tass.

The news agency quoted Russian Railways's President Vladimir Yakunin as saying that the Second Cargo Company was expected to buy over 76,000 cars and upgrade over 61,000 cars.

Russia's transport min calls for building 2nd line at BAM railroad

bne

Russian Transportation Minister Igor Levitin has called for the second line of the Baikal-Amur Railroad (BAM) to be built, reports Prime-Tass.

The news agency quoted Levitin as saying that the costs of building the second line are estimated at RUB400bn.

Russian Railways cargo traffic up 11% on year in January-August

bne

State-owned railroad monopoly Russian Railways increased its cargo traffic 11% on the year to 885.038 million tonnes in January-August, reports Prime-Tass.

Citing the company's main data center, the news agency says that domestic cargo traffic rose 10.7% on the year to 545.186 million tonnes, while international cargo traffic rose 11.2% on the year to 339.852 million tonnes.

Russian Railways needs RUB2.24 trillion investments till 2020

bne

Russian Railways Vice President Vadim Morozov says that

the company needs investments worth RUB2.24 trillion in the period up to 2020 in order to maintain the necessary throughput capacity, reports Prime-Tass.

The news agency quoted Morozov as saying that in the period up to 2015, Russian Railways needs RUB447bn in government investments in order to carry out the necessary upgrades.

Russian Railways to auction 10,000 open rail cars on September 30

bne

Russian Railways plans to hold a third public auction on September 30 to sell 10,000 open rail cars, reports Prime-Tass.

Citing a statement issued by the company, the news agency says that the starting price for the lot amounts to RUB1.073bn.

Russian Railways to invest RUB13bn in Far East railroads 2010

bne

Russian Railways plans to invest about RUB13bn in the railroads of the Far East Federal District in 2010, reports Prime-Tass.

The news agency quoted Russian Railways Vice President Sergei Yepifantsev as saying that Russian Railways plans to further develop railroads near the border between Russia and China in accordance with Russia's railroad transport development strategy until 2030.

Russian Railways, Irkutsk Region deal to set up passenger co

bne

Russian Railways and the government of the Irkutsk Region have concluded an agreement to set up the Baikal Suburban Passenger Company, reports Prime-Tass.

Citing a statement issued by Russian Railways, the news agency says that Russian Railways is to own 51% of the company, while the regional government is to own 49%.

Russia planes

Agency unhappy with slow terminal upgrade at Vnukovo Airport

bne

The construction and upgrade of the Vnukovo-1 terminal at Moscow's Vnukovo Airport is progressing slowly, reports Prime-Tass.

Citing a statement issued by Russia's Federal Agency for the Development of the State Border, the news agency says that the agency monitors the upgrade of the terminal on a constant basis.

Construction of Pulkovo Airport terminal to start October

bne

Yury Molchanov, St. Petersburg's deputy governor, says that the construction of a passenger terminal at Pulkovo Airport near St. Petersburg is expected to start at the end of October, reports Prime-Tass.

The news agency quoted Medvedev as saying that the terminal is expected to be launched in 2013.

High-speed rail service to link Yekaterinburg, Nizhny Tagil 2013

bne

Sverdlovsk Railroad, a branch of Russian Railways, plans to launch a RUB17bn high-speed rail service between the cities of Yekaterinburg and Nizhny Tagil in 2013, reports Prime-Tass.

Citing the information department of the Sverdlovsk Region government, the news agency says that the rail link between the cities is expected to be upgraded so that trains can travel at speeds from 160 kilometers up to 200 kilometers per hour, while the travel time between the cities is expected to be cut to one hour from three hours currently.

Leasing firm makes first US order for Superjet-100

Metropol

Superjet International and leading US leasing firm Willis Lease Finance Corporation signed a memorandum of understanding for the purchase of six SSJ-100 aircraft and an option for a further four. The deal's value is USD 300mn. The first jet is scheduled to be delivered in September 2012.

The deal marks the first U.S. purchase of Superjet, produced by Russian aircraft producer Sukhoi, a UAC subsidiary. So far, Sukhoi has orders for 161 aircraft from airlines across the world and at home, including 30 ordered by Russia's largest carrier, Aeroflot.

We believe the deal indicates that Russian planes could start to enter the US market, which accounts for 28% of global air traffic. Although the US leasing firm ordered only six aircraft, we note that it ordered them before the jet's engine was certified in the US and Canada, which could indicate favorable prospects for the plane. We expect the news to have a positive impact on UAC shares.

Medvedev rules to transfer 51% in Samara Reg airport to local govt

bne

Russian President Dmitry Medvedev has signed a ruling to transfer the federal government's 50.99% stake in the Samara Region-based Kurumoch International Airport to the regional government, reports Prime-Tass.

Citing a statement on the Kremlin's official Web site, the news agency says that the regional government is expected to attract at least RUB9bn of investments to upgrade the airport until 2015 under a public-private partnership.

Russia to open 25 new border crossing points by 2017

RIA Novosti

At least 25 new "air border crossing points" will be created in Russia

before 2017, the Federal Border Services Agency said on Wednesday.

At least four of the planned facilities will be set up at military complexes, agency department chief Danil Vavilov said.

The program will require 3 billion rubles (about \$100 million), he said.

Funding for the program will come both from state and private-state partnerships.

At present Russia has about 80 airports handling international flights.

Russian government to spend RUB307bn to upgrade airfields over 5 years

bne

The Russian government plans to spend RUB306.5bn to upgrade airfields over the next five years, Alexander Avdonin, reports Prime-Tass.

The news agency quoted an unnamed spokesperson for the Federal Air Transport Agency, as saying that the investment was necessary because of the low quality of air strips.

Russian minister sees air travel subsidies flat on year in 2011

bne

Russian Transportation Minister Igor Levitin has said that the Russian government plans to allocate RUB2.5bn to subsidize air travel in 2011, the same amount that the government allocated for 2010, reports Prime-Tass.

The news agency quoted Levitin as saying that the government would keep subsidizing air travel in the country's northernmost areas.

Taimyr district to auction 22.7% in Taimyr airline September 27

bne

The administration of the Taimyr Dolgano-Nenets municipal district of Russia's Krasnoyarsk Region plans to auction its 22.67% stake in airline Taimyr on September 27, reports Prime-Tass.

The news agency says that the starting price of stake has been set at RUB59.683mn.

UAC to invest \$300 mln in MS-21 airliner production

RIA Novosti

United Aircraft Corporation (UAC) will invest \$300 million on upgrading its aircraft factories and construction of new plants to produce the MS-21 airliner by 2014, UAC President Alexei Fyodorov said on Tuesday.

"Technical upgrade to produce the MS-21 is being done now at the Irkutsk aircraft factory, which produces military aircraft. Moreover, we plan to build factories from scratch in the city of Ulyanovsk in the Volga region to produce wings and composite materials, and in Kazan to make attached components," Fyodorov told an economic forum.

MS-21s will be assembled by the Irkut company, a UAC subsidiary. The company has orders for 128 aircraft, including firm contracts with Malaysia to supply it with 50 MS-21s.

Ukraine's Vinnytsia Regional Council to lease Vinnytsia Airport to investor

bne

The Vinnytsia regional council intends to announce a competition for the right to lease the Vinnytsia airport, which is a municipal enterprise, reports Ukrainian News Agency.

The news agency quoted the Vinnytsia region's Deputy Governor Roman Axelrod as saying that the issue of setting up a competition commission and approval of the terms of lease of the airport will be tabled at the next session of the Vinnytsia regional council.

Russia ships

Cargo traffic through Russian seaports up 8% in January-August

bne

The Association of Commercial Seaports has said that cargo traffic through Russian seaports rose 8% on the year to 350.63 million tonnes in January-August, reports Prime-Tass.

The news agency says that of the total, coal transshipment rose 4.6% on the year to 45.14 million tonnes in January-August; container goods transshipment increased 33.4% to 21.17 million tonnes; ferrous metal transshipment went up 1.5% to 18.91 million tonnes; grain transshipment rose 1.7% to 13.9 million tonnes; and mineral fertilizer transshipment was up 33.9% to 8.4 million tonnes.

Russia to extend grain exports ban through next summer – negative for NCSP

VTB Capital

News: Russian Prime Minister Vladimir Putin said that the government was likely to extend the ban on grain exports until there was clear visibility on next year's grain harvest (i.e. next summer). Earlier this year, the government introduced a ban on grain exports from August 15 to December 31.

Our View: A delay in resuming grain exports would be negative for NCSP as grain handling generates the highest margins for the port. NCSP handled 9mn tonnes of grain in 2009 (10% of the total cargo turnover) and 5mn tonnes in January- July 2010 (also 10% of the total cargo turnover).

Elena Sakhnova

Sochi seaport closed for Olympics reconstruction

RIA Novosti

The seaport of Sochi is closed for cargo vessels as construction of a new passenger terminal to meet the flow of visitors in time of the 2014 Sochi Winter Olympics will kick off within the nearest days, head of the city's Transport and Communication Administration said.

"The decision [about the closure of the seaport] was taken in relation with the beginning of construction works over new passenger terminal. The sea gates will be temporarily opened for passenger carriers only," Alexei Smaglyuk said.

The reconstruction will involve not only the seaport's maritime terminals but also the coastal infrastructure, he added.

The XXII Winter Olympic Games will open in the Black Sea resort city of Sochi on February 7, 2014.

Seventy-two out of 242 Olympic facilities planned to be built in Sochi are already under construction.

Current IOC President Jacques Rogge has thanked Russia for its preparations for the Games and for heeding the IOC's advice on developments.

CIS infrastructure

Belarusbank to lend BRR830bn to Transport Ministry to reconstruct Minsk-Mogilev road

bne

Belarusbank says it will lend BRR830bn to the Transport Ministry in 2010-2012 for reconstruction of M-4 Minsk-Mogilev road, wires report.

The loan is provided at an annual rate of 5%; it will be repaid January 1, 2016 through December 31, 2025 from the budget.

Belarusbank to lend BR830bn to Transport Ministry to reconstruct Minsk-Mogilev road

bne

Belarusbank will lend BR830bn to the Transport Ministry in 2010-2012 for reconstruction of M-4 Minsk-Mogilev road, under presidential ordinance #455 dated September 3, reports Prime-Tass.

The news agency says that the loan is provided at an annual rate of 5%; it will be repaid January 1, 2016 through December 31, 2025.

Ukraine's Cabinet sets equal terms for local and foreign firms to build terminal D at Boryspil Airport

bne

The Ukrainian government has set equal terms for local and foreign firms to build a new Terminal D at Kyiv's Boryspil International Airport newswires report.

The State Aviation Administration told Interfax-Ukraine that earlier the term for agreeing with Ukrainian companies was five working days, and up to 14 working days for foreign companies, while agreements with chief constructors foresees equal terms for all companies - 14 days.

The Ukrainian cabinet has already chosen Turkey's Dogus Insaat to be responsible for the construction of Terminal D at Boryspil airport.

Kryukiv Railcar should maintain strong output in August

Astrum

According to the press service of Kryukiv Railcar (KVBZ: BUY), the Company plans to produce 873 freight railcars in August'10 (down 4% m/m). Currently, all three workshops of KVBZ are loaded with orders: subway railcars are being produced at the first workshop and gondola railcars at the second and third ones.

Astrum's perspective: Freight railcar output in August'10 should generate UAH 413m in net sales for the Company, which exceeds the average monthly net sales in 1H10 by 36%. We maintain our forecast that, on the back of strong demand for freight railcars, KVBZ will increase its output by 158% to 8,500 units in 2010. This year, the Company should also deliver 10-15 subway railcars to the Kyiv Metropolitan Subway and 15-20 passenger railcars to Belarus. We retain our BUY recommendation for the stock.

Igor Bilyk

Kyiv Subway puts into operation new trains from KVBZ

Astrum

According to the press service of Kyiv Subway, on September 1, 2010, the municipal company starts operating seven new trains, two of which are produced by Kryukiv Railcar (KVBZ: BUY).

Astrum's perspective: We retain our forecast that Kryukiv Railcar will sell 10-15 subway carriages to the Kyiv Subway in 2010. According to our estimates, one subway train adds up to UAH 36.5m to KVBZ's top line, which corresponds to 0.9% of 2010e net sales.

Igor Bilyk

Luganskteplovoy produced 36 locomotive sections over 8M10

Astrum

According to the press service of Luganskteplovoy (LTPL: SPECULATIVE BUY), the Company produced 36 sections of freight diesel locomotive 2TE116U, including 30 sections for Russian Railways, four sections for a customer from Kazakhstan and two sections for the Ulan-Bator Railways (Mongolia).

Astrum's perspective: As a result of uncertainty over the Company's privatization, some orders for its locomotives are being delayed until this issue is resolved. Thus, we downgrade our forecast for LTPL's 2010 output to 50 locomotive sections (up 39% y/y). At the same time, we believe that in the case of the break the current contract for the Luganskteplovoy, its further re-privatization will be still supported by the current government and Russia's Bryansk Machinery Plant will win the auction again. The successful resolution of LTPL privatization dispute in favor of the Russian shareholder should revitalize the delayed orders for LTPL locomotives in 2011. As a result, we upgrade our forecast for Company's output in 2011 to 150 2TE116U locomotive sections, including 100 sections for Russian Railways and 50 sections for the Ulan-Bator Railway (Mongolia). Our DCF model yields a USD 0.83 target price for LTPL shares that implies a 62% upside for this stock. Thus, we give SPECULATIVE BUY recommendation for the LTPL stock, considering high risks associated with the ongoing privatization dispute.

Igor Bilyk

Ukraine and China sign preliminary \$1bn agreement on railway construction

Dragon Capital

Ukraine and China signed a preliminary agreement to build a railway link between Kyiv and the Boryspil airport. (Korrespondent)

The agreement was signed during President Viktor Yanukovich's visit to Beijing yesterday and reportedly allows Ukraine to receive up to \$1bn of project financing to build the 8 km rail link with four stations as well as purchase railcars. Though the project is likely to be carried out together with Chinese companies, meaning part of the loan financing will be spent on imported equipment and labor, Kyiv will ultimately benefit from improved transport infrastructure, which it needs badly, especially with the Euro 2012 football championship approaching.

Olena Bilan

What's 4 km of asphalt between friends?

BYuT

Beware, the camera is rolling and the microphone is on. Before a Cabinet of Ministers meeting on 27 August, Deputy Prime Minister Borys Kolesnykov and First Deputy Prime Minister Andriy Klyuyev were heard arguing over the reconstruction of a road from Kyiv to the suburb of Koncha Zaspas.

An incensed Mr Kolesnykov berated his colleague, claiming the road had only been asphalted as far as Mr Klyuyev's house. He demanded the asphalt be extended another 4 km to his house. "Is it difficult to re-pave another 4 km of the Obukhiv highway?" In summing up his needs he said, "Maybe you can give the order [to continue reconstruction of the highway]. For another 4 km at least, that's all."

It is noted that an 8 km stretch of road to Mr Yanukovich's dacha has been renovated at a reputed cost of UAH 50 million (\$6.3 million). The estimated cost of the renovation of the major Kyiv ring road is UAH 69 million (\$8.7 million).

A video of the exchange is on YouTube: http://www.youtube.com/watch?v=qOWjDk3laHQ&feature=player_embedded <http://www.youtube.com/watch?v=qOWjDk3laHQ&feature%20=player_embedded>

Yanukovich opens new terminal at Kharkiv Airport

bne

A new terminal has opened at the Kharkiv International Airport after the reconstruction in the frames of the preparation for hosting the Euro 2012 European football championship, reports Interfax.

The news agency says that Ukrainian President Viktor Yanukovich attended the opening ceremony of the terminal on Saturday.

CE infrastructure

EU to grant PLN4bn more for Polish motorways

bne

The Polish General Directorate for National Roads and Motorways (GDDKiA) has signed two agreements with the European Union over extra financing for investment related to the A1 and A2 motorways' construction, Polish News Bulletin reported.

The EU will subsidize the investments with as much as 3.864 billion zloty, said Marcin Hadaj, a spokesman at the GDDKiA. The funds will be spent on building a ring road near Minsk Mazowiecki, to be connected with the A2, as well as a part of the A1 motorway, linking Torun and Strykow.

The total value of both projects is at above 6.598 billion zloty, while Brussels will provide more than 3.864 billion zloty. The ring road is to cost about 765 million zloty and the EU will cover 602 million zloty, while the A1 part will cost 5.833 billion zloty and the EU will cover 3.261 billion zloty.

The European Commission has so far refunded more than 4.454 billion zloty of the investments conducted by the GDDKiA.

New Slovak govt accused of stopping construction of motorways

bne

By choosing not to extend the deadline for obtaining resources for the first public-private partnership (PPP) package designed to finance D1 motorway construction, Transport Minister Jan Figel (Christian Democratic Movement/KDH) has killed the construction of motorways in Slovakia, Smer-SD chairman Robert Fico said at a press conference on Thursday, TASR reported.

According to Fico, the project could have significantly contributed to the revival of Slovak economy. Furthermore, Fico harbours conviction that the Transport Minister didn't speak the truth when he talked about the reasons behind his decision on Thursday.

Smer-SD representatives plan to confront Figel with his statements on Monday, with Fico not ruling out the possibility that even further steps will be taken against the Transport Minister. "If it turns out that Mr. Figel lied - and I'm convinced that he

didn't speak the truth about the reasons as to why the motorway construction to Kosice was cancelled - then he needs to be held accountable," said Fico.

Jan Figel hasn't extended the deadline for obtaining finances for the PPP package, originally designed to be used to construct sections of the D1 motorway. "We didn't see the signing of the contract even by August 30, so it expired. I decided not to extend this process anymore, as the ministry has no guarantee that the first package will be financially covered," Figel said at a press conference earlier in the day. He said that he wants construction work in Slovakia to continue, but in a responsible and transparent way. "We have resources at our disposal, be it from European funds or the state budget," said Figel, adding that he isn't worried about not receiving money for highway construction from the Finance Ministry.

Poland, Warsaw metro tender

EBRD

Country:

Poland

Project number:

39386

Business sector:

Municipal and environmental infrastructure

Public/Private:

Public

Environmental category:

B

Board date:

9 Nov 2010

Status:

Passed concept review, Pending final review

PSD disclosed:

7 Sept 2010

Project Description

The EBRD is considering providing a senior loan of up to PLN 470 million to co-finance acquisition of 35 metro trains (210 metro wagons) required by the Warsaw Metro to be operated over both the existing metro line (Metro Line I requiring 15 new trains) and the new metro line currently under construction (Metro Line II requiring 20 new trains).

Metro Line II is the long-awaited investment in the expansion of high-capacity public transport in Warsaw, which is expected to ease traffic congestion in the city, lower the overall carbon footprint

of the urban transport sector, and create crucial linkages with the first metro line by allowing users to transfer efficiently from the east side of Vistula River to the west side of the city.

Transition Impact

This project provides a platform to develop a robust methodology to determine the emission reductions of investments in the Warsaw urban transport sector, and aims to monetise these emission reductions under a carbon market instrument, such as Joint-Implementation. If successful, it would be the first carbon market example in the urban transport sector in Europe. This approach could promote market-based carbon trading mechanisms, for urban transport projects.

Further transition impact is also expected to come from successful implementation of regenerative braking technology as well as from the associated improvements to the Public Service Contract between the City and the metro operator.

The Client

Metro Warszawskie Sp. z o.o. ("Warsaw Metro" or the "Company"), a limited liability company wholly owned by the City of Warsaw and providing urban transport services on the subway line in Warsaw. EBRD Finance

Up to PLN 470 million senior loan to co-finance the new rolling stock to be purchased by the Company, which is part of the Metro Line II development project implemented by the City of Warsaw and the Company (the "Project"). The Project is expected to be co-financed from the EU Cohesion Funds, the City, the Company and debt financing.

Project Cost

The entire value of the Project is currently estimated at PLN 4.8 billion.

Environmental Impact

The Project has been categorized B, requiring an Environmental and Social Due Diligence (ESDD) of the project, namely the planned acquisition of new rolling stock.

The ESDD will include a review of the rolling stock to be purchased as well as the current environmental, health and safety (EHS) management systems of the Company and verify whether the Project is structured to meet the Bank's Performance Requirements (PRs) and the Company has the institutional capacity to implement the Bank's PRs. Based on the results of the ESDD an Environmental and Social Action Plan (ESAP) will be developed and agreed with the Company. The Bank will co-ordinate its due diligence with among others JASPERS, and review the area of influence of the project, notably the permitting and environmental and social impacts associated with the second metro line.

The PSD will be updated once the ESDD has been completed.

Technical Cooperation

It is envisaged that the technical cooperation support will provide assistance with the following:

- 1) Environmental and Social Impact Assessment gap analysis (Est €30,000, to be paid from the Bank budget)
- 2) Review of the Public Service Contract (Est €30,000. Donor to be determined)
- 3) Carbon Monetisation of Clean Urban Transport (Est for €200,000 and will be jointly administered with the Bursa Light Rail Project. Donor to be determined).

Procurement or tendering opportunities

Visit EBRD Procurement _Enquiries: Tel: +44 20 7338 6794; Fax: +44 20 7338 7472, Email: procurement@ebrd.com

General enquiries

EBRD project enquiries not related to procurement: _Tel: +44 20 7338 7168; Fax: +44 20 7338 7380 _Email: projectenquiries@ebrd.com

Public Information Policy (PIP)

The PIP sets out how the EBRD discloses information and consults with its stakeholders so as to promote better awareness and understanding of its strategies, policies and operations. Text of the PIP

Project Complaint Mechanism (PCM)

The EBRD has established the Project Complaint Mechanism (PCM) to provide an opportunity for an independent review of complaints from one or more individuals or from organisations concerning projects financed by the Bank which are alleged to have caused, or likely to cause, harm. The Rules of Procedure governing the PCM can be found at www.ebrd.com/downloads/integrity/pcmrules.pdf, the Russian version can be accessed at <http://www.ebrd.com/downloads/integrity/pcmrulesr.pdf> Any complaint under the PCM must be filed no later than 12 months after the last distribution of EBRD funds. You may contact the PCM officer (at pcm@ebrd.com) or the relevant EBRD Resident Office for assistance if you are uncertain as to the period within which a complaint must be filed.

Slovaks scrap motorway PPP deal with Bouygues

bne

Slovakia has scrapped a EUR3.3bn public-private road-building partnership with a team led by French construction conglomerate Bouygues that was supposed to have started building next year, Transport Minister Jan Figel said, newswires reported.

The project was part of the a wider plan introduced by the previous cabinet of Prime Minister Robert Fico to speed up road building. However, the consortium failed to close a financial deal by the end of August as requested and the ministry decided to finance the project from EU and state budget funds instead.

"I have decided not to extend this process anymore. It had been repeatedly prolonged several times and cost Slovakia a lot of time," Figel told reporters.

"The ministry is not sure, despite meeting with representatives of the concessionaires, that the financial package will be secured in the near future and it will be possible to start construction in its full extent."

Fico's cabinet had picked public-private-partnership schemes as the best option to build a large number of highway, but the new government of Prime Minister Iveta Radicova decided to reconsider other available options.

SE infrastructure

Bulgaria builds more roads

bne

Tuesday the Bulgarian company "Holding Roads" will sign Tuesday a contract with the Road Infrastructure agency for the construction of the last section of Trakiya Highway, which will link the towns of Yambol and Karnobat.

Novinite has reported that the Road Infrastructure agency has announced that the construction is scheduled to begin Sept. 3.

On July 23, "Holding Roads"s was announced winner in the tender for building the 49 km section of the Trakiya Highway. The offer of the company was BGN 174,705,600 million VAT excluded.

In comparison to the other two lots of Trakiya Highway that are being constructed at the moment, the price for Lot 4 is the most expensive because of the more difficult area.

Bulgaria's tie-in "Unified Highway Trace" won the tender for the construction of the 32km section of the Trakiya Highway, linking the city of Stara Zagora and the town of Nova Zagora. The consortium submitted the lowest bid Bgn 137,86 million.

Greece's Aktor placed the lowest price offer of EUR 111,6 million in a tender for the construction of 35,7km of the Trakiya Highway, that would connect the towns of Nova Zagora and Yambol.

Bulgaria's railroads want BGN 460mn loan

bne

Bulgaria's State Railways is seeking a BGN 460mn syndicated loan to help finance debt payments through 2014 and turn around the indebted company, according to Bloomberg.

The group of banks include the World Bank, the European Bank for Reconstruction and Development, Deutsche Bank AG and UniCredit Bulbank AD.

The funding would be linked to a five-year plan to make the operator profitable after posting losses for 20 years because of previous mismanagement and the recession, he said.

"The amount is huge and it will probably be a syndicated loan lead by the World Bank and the EBRD," Vladimir Vladimirov said. "It is possible to reduce the borrowed amount after the reforms take effect."

A World Bank team will visit the railway operator in the middle of September to discuss the 105-step turnaround plan and financing needs, he said.

Montenegro railways gets EBRD cash for track rehabilitation

EBRD

The Montenegro Railway Infrastructure Company (ZCG I) intends using the proceeds of a loan from the European Bank for Reconstruction and Development ("the Bank") for a project to undertake emergency rehabilitation of the selected sections of the railway track, reports EBRD.

The proposed project, which has a total estimated cost of EUR 17.0 million equivalent, will require the procurement of the following works: Civil works contracts for the rehabilitation of selected sections of the railway track: - Works to be tendered: landslides, beams, plots, canals, and rehabilitation of railway station, - Contracts already awarded: tunnels and railroad crossings works, Tendering for the contracts for the remaining works are expected to continue from the third quarter of 2010.