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## **Putin did not approve the moscow-Kazan HSR project**

When the first high-speed railway will appear in Russia

The project for the construction of a high-speed moscow-Kazan highway worth 1.7 trillion rubles. did not receive the approval of Vladimir Putin. Now the government will work out the possibility of building the Moscow-St. Petersburg HSR



Photo: Vladimir Smirnov / TASS

Last week, Vladimir Putin discussed the prospects for the construction of the Moscow-Kazan high-speed railway; as a result, the project did not receive the final approval of the president. This was told to RBC by two sources close to the government, and confirmed by an industry consultant.

According to one of the sources of RBC, the project of a high-speed railway worth 1.7 trillion rubles. "was discussed, but the decision to start construction was not made." "This is not yet a formalized solution," three sources told RBC. The federal official also claims that the final decisions on the HSR have not yet been made. According to two sources, it is expected that the president's decision on the fate of the Moscow-Kazan HSR may be announced on April 11. On the same day, a meeting is expected with the president on the highway with representatives of relevant departments and the general director of Russian Railways Oleg Belozarov.

Press Secretary of the President Dmitry Peskov on March 29 also told reporters that there is no final decision on the construction of the road and so far "different options" are at the stage of elaboration.

The NOVATEK project became a contender for the money of the Moscow-Kazan HSR

Business



# НОВАТЭК



According to one of rbc's sources, as an alternative to the Moscow-Kazan HSR, Russian Railways and relevant departments will discuss in detail the possibility of developing and implementing the Moscow-St. Petersburg HSR project. As the industry consultant told RBC, a choice can be made in favor of the Moscow-Nizhny Novgorod-Kazan highway with a length of 729 km and a cost of 540 billion rubles, of which 323 billion rubles are budget funds.

The press service of Russian Railways declined to comment. A spokesman for Deputy Prime Minister Maxim Akimov, who oversees transport, declined to comment. RBC sent a request to the Ministry of Transport.

## Agencies argue about the operational break-even of the HSR

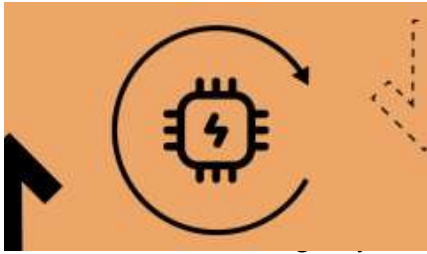
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He already expressed doubts about the need to build a high-speed road from the capital to Kazan and instructed the government to once again referred to the planned operating break-even of the HSR as a condition for receiving money from the federal budget. The President proposed to validity of the project, since in terms of the development of the main infrastructure, there are three projects of communication with Nizhny a HSR, Vedomosti wrote.

for the first stage of the Kazan highway. On March 13, his report was agreed by Prime Minister Dmitry Medvedev and sent the document to Putin, Vedomosti reported. The cost of the first section of the HSR was estimated at 621.5 billion rubles. and was included in the main plan for the development of infrastructure.

There was no unequivocal position in the government: the Ministry of Finance consistently opposed the Moscow-Kazan HSR. The ministry believes that the average passenger traffic laid down in the financial model of the project is greatly overestimated, and sees risks to the budget due to the fall in demand for transportation. The Ministry of Finance proposed to



for the highway, to the development of aviation and the Northern Sea Route, a representative of the department told RBC earlier. The head of the also said that he was skeptical about the project and did not see economic sense in it.

aimed that the project is paying off. "In the operating model, the project is definitely break-even and will not require subsidies. All experts e said.

away is not economically justified, and forecasts for passenger traffic and HSL workload allegedly suggest the "disappearance" of other trains in general director of the INFOLine-Analytics agency, explained to RBC. "But it's unrealistic. There are no opportunities for adequate loading of this tion to Nizhny Novgorod has all the more lost its meaning, because the Strizh and Lastochka express trains already go there for 3-3.5 hours, "the

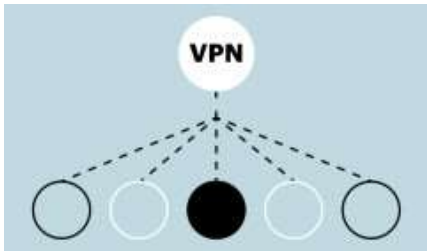


sary to change the structure of the market, not to monopolize"

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**Six-year-long highway**

The construction of a high-speed highway from Moscow to Kazan with a length of 800 km has been discussed since 2013. The highway would reduce the travel time from Moscow to Kazan from 11.5 to 3.5 hours. Since then, the cost of the Russian Railways project has grown from about 1 trillion to 1.7 trillion rubles, while it was assumed that the state would allocate an irrevocable contribution of 700 billion rubles to the HSR.

The first stage of the construction of the HSR on the Moscow (Zheleznodorozhny) — Gorokhovets section was included in the comprehensive plan for the modernization and expansion of infrastructure until 2024, as well as in the long-term development program of Russian Railways until 2025. The cost of the first section with a length of 301 km is estimated at 621 billion rubles.

In November last year, presidential aide Andrei Belousov announced the "very great interest" of business in the Moscow-Kazan HSR project. A month later, RBC found out that the Evraz companies of Roman Abramovich and his partners, Kuzbassrazrezugol and Transmashholding of Andrei Bokarev, as well as the Sinara group of Dmitry Pumpyansky discussed possible participation in financing the construction of the road.

## **St. Petersburg can take the place of Kazan**

Now the government is discussing the possibility of building another high-speed highway - Moscow - St. Petersburg. "But this initiative should not postpone the implementation of the Moscow-Kazan project. Here we are ready to start, and on the Moscow-St. Petersburg line there is not a page of ready-made documents, not even a feasibility study, "Akimov told RBC in February. Putin instructed to finalize the project of the Moscow-St. Petersburg HSR following the results of the last meeting, one of the interlocutors of RBC said.

HSR to St. Petersburg was positively assessed by the Ministry of Economic Development. The head of the ministry, Maxim Oreshkin, said that this highway will show "much greater efficiency" than the road to Kazan.

Billions on the highway: how Russian Railways projects got into the priority list of the Ministry of Economic Development  
Business





It is expected that the highway Moscow - Tver - Veliky Novgorod - St. Petersburg will be with stops in small towns between regional centers, and the travel time from the capital to St. Petersburg will be 2.5 hours. Russian Railways included this project in its program for the organization of high-speed and high-speed railway communication in Russia, approved

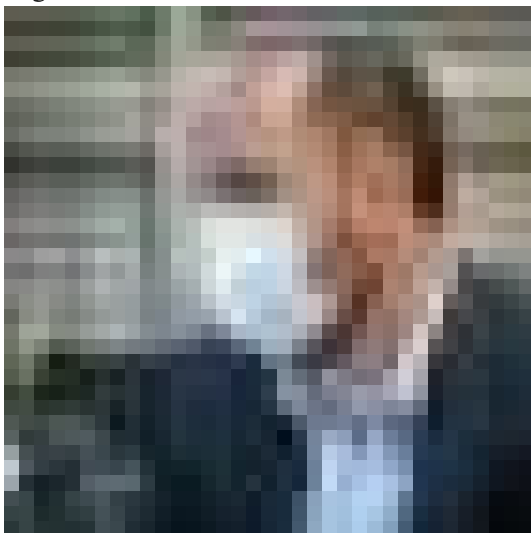
in 2015. According to the plans of the state monopoly, the construction of the Moscow-St. Petersburg HSR should begin in the period from 2026 to 2030, and its cost in 2015 prices was estimated at 990 billion rubles.

In August 2018, it became known that this road was included in the plan for the integrated development of the main infrastructure until 2024, prepared by the Ministry of Economic Development. However, in the final modernization plan, approved by the government in February, the Moscow-St. Petersburg HSR was not included.

Burmistrov noted that there are also questions about this project. Now between the two capitals runs "Sapsan", which has proved its economic efficiency. "The difference will be an hour and a half between it and the HSR, but tickets for the latter's trains will cost three times more. Who will be ready to pay for it?" the expert concluded.

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