

Tyva Republic to See Mining, Expansion, New Rail Line

By [The Moscow Times](#)

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No. 2 steel producer Severstal is among four companies planning mines and a state-backed railroad in the Siberian republic of Tyva that would double the country's metallurgical coal exports by 2020.

"Annual coal production in Tyva may reach 40 million tons in 2020 should all the companies implement the announced plans in full," said Dmitry Sakhno, project manager at Severstal. "More than half of these volumes will be exported."

Russia produced 64.7 million tons of the variety of coal used by steelmakers last year and exported 14.2 million, Economic Development Ministry data show. The projects proposed by the four companies and the railroad partly funded by the state may cost about \$8 billion, according to Dmitry Smolin, an analyst at UralSib Capital.

Russia's largest steelmaker Evraz, Severstal, En+ Group and shareholders of Russian Copper

have bought licenses for coal deposits in the Tyva republic since 2008. In December, Prime Minister Vladimir Putin hammered a symbolic golden spike that marked the start of work on a railroad to the remote republic.

The 400-kilometer railroad, linking Tyva to the Trans-Siberian Railroad as early as 2015, will allow the transportation of coal from the Ulug-Khem basin, which contains 16 billion tons of coal reserves, according to data provided by Severstal, about 2.5 times more than the Tavan Tolgoi field in neighboring Mongolia.

Russia, holder of the world's second-largest coal reserves, mines 60 percent of its production in Siberia's Kuzbass region, developed largely under plans overseen by Joseph Stalin in the 1930s. Rising output from mines in Kuzbass has caused railroad bottlenecks and lapses in safety, including underground blasts at a site operated by Rospadskaya that killed 91 in 2010.

"Tyva will be the first new coal basin developed in Russia in at least 50 years," said Andrei Churin, head of coal business at En+ Group, a natural resources holding company owned by Oleg Deripaska, chief executive and main shareholder of United Company RusAl, the world's largest aluminum producer. Coal from Tyva may be shipped to China, South Korea, Japan and Southeast Asia by railroad or by sea from harbors in far eastern Russia, he said.

The complexity of developing Tyva and delays by some of the mining companies may curb production by 2020 to 15 million to 20 million tons, Severstal's Sakhno said.

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