

# Rotenberg Gets Road Contracts by Decree

By [The Moscow Times](#)

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The owner's friendship with Putin could have been a factor in Mostotrest's getting road contracts by decree. **Andrei Makhonin**

Before leaving the Kremlin, former president and current Prime Minister Dmitry Medvedev gave Arkady Rotenberg's Mostotrest an extravagant gift of several tens of billions of rubles' worth of contracts for road construction in Moscow without competition.

All the roads around Skolkovo will be built by the company belonging to President Vladimir Putin's close friend and judo partner.

Medvedev signed a decree on the contracts on April 25, less than two weeks before he left office. The document was actually signed at the request of Moscow Mayor Sergei Sobyenin because it will speed up construction of roads for the G8 summit in Skolkovo in 2014, Medvedev's spokeswoman Natalya Timakova said.

A presidential order or decree is needed to avoid holding a tender. The mayor of Moscow cannot appoint a contractor alone, said deputy director of Yakovlev & Partners legal group Tatyana Kormilitsyna.

To hold the summit, construction and reconstruction of the transportation infrastructure around Skolkovo has to be completed by May 1, 2014, and that is why Mostotrest was singled out, an industry source said.

"Few companies are able to do that volume of work on a tight deadline. Of all the companies engaged in infrastructure construction, Mostotrest has the greatest potential," the source said. "All the other contractors are overloaded with Moscow orders."

Mostotrest's management is aware of the president's decree.

"Our specialists have begun studying the objects on the list," a company representative said.

Medvedev's decree indicates that Mostotrest will construct or reconstruct six sections of transportation infrastructure: the southern section of the Northwestern Span — which will stretch from Skolkovskoye Shosse in the south to Yaroslavskoye Shosse in the northeast — Kutuzovskiy Prospekt from the Garden Ring to Moscow Ring Road, three interchanges at the intersection of Skolkovskoye Shosse, Mozhaiskoye Shosse and Ulitsa Generala Dorokhova with the MKAD, and the interchange at the intersection of Aminyevskoye Shosse and Ulitsa Generala Dorokhova.

Now, according to the industry source, the designing of the roads is under way.

The cost of construction has not been defined for all the objects. Reconstruction of Mozhaiskoye Shosse will cost 10 billion rubles (\$316 million). The interchange at Mozhaiskoye Shosse will cost 2.75 billion rubles. The one at Skolkovskoye Shosse and the MKAD will cost 3 billion rubles, according to the source.

Mostotrest will also build the greater part of the Northwestern Span. Its southern section is 17 kilometers long, out of a total length of 29 kilometers. The Mayor's Office has estimated the total cost of the span at 29 billion rubles.

This is probably a kind of compensation for Mostotrest's loss of the project to build a section of the Fourth Ring Road worth 66.63 billion rubles, said Metropol analyst Andrei Rozhkov.

The new administration in Moscow suspended that project, saying it was too expensive.

Mostotrest has not been very lucky with tenders under Sobyanin. The company has only been able to win one tender, for reconstruction of the interchange at the intersection of the MKAD and Leningradskoye Shosse for about 5 billion rubles.

Mostotrest lost bids for the reconstruction of Shosse Entuziastov and a portion of Bolshaya Akademicheskaya Ulitsa.

According to Mostotrest's website, its portfolio amounted to 319.8 billion rubles at the end of 2011. In 2010 Mostotrest accounted for 8.4 percent of Russia's infrastructure construction, according to the PMR consulting company. The company is building transportation facilities

for the Sochi Olympics, the M4 Don and M7 Volga federal highways, and other sites.

"The fact that Mostotrest will deal with all the road projects in the Skolkovo area is justified," Rozhkov said. "The closer the projects are, the higher operating efficiency. It is easier for the company to transport equipment."

The profitability of such projects, he said, can reach 20 percent.

"Our company would have been pleased to undertake the construction of one of the sites, but no one offered it," said a spokesman for one of Mostotrest's competitors, who asked for anonymity.

He said tenders for road construction in Moscow are mainly won by the same companies — Engeokom, ARKS and Kosmos. There are other companies that are not loaded with work, he said, citing Ziyad Manasir's Stroygazconsulting, MISK and Termoservis, which have also taken part in city tenders, as examples.

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