

Norilsk to Fund Sochi Construction

By [The Moscow Times](#)

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Buses and cars seen in a square at a railway station in Sochi, the host city for the 2014 Winter Olympic Games. **Alexander Demianchuk**

Two Russian tycoons will tap the prodigious cash flows of the country's largest mining company to help complete their construction projects for next year's Winter Olympics in Sochi, whose budget has spiraled to a record \$50 billion.

Norilsk Nickel will put money into a ski resort and the Olympic village being built by its billionaire backers, Vladimir Potanin and Oleg Deripaska, in return for stakes in the two projects, three sources familiar with the matter said.

"As a result of a number of technical operations, Norilsk would make a commitment to contribute as a Sochi co-investor," a source at Interros, the firm that manages Potanin's interests, said Sunday.

But Potanin, architect of Russia's 1990s privatizations in which he first acquired an interest in Norilsk, and Deripaska, main shareholder in aluminum major RusAl, has balked at the

spiraling costs of the event.

The duo put their signature to a recent letter requesting aid, also signed by state bank Sberbank and state gas export monopoly Gazprom, that was met with silence from the government.

A spokesman for Deputy Prime Minister Dmitry Kozak, who is responsible for the games, said Sunday that officials were looking into some of the requests made in the letter, including for tax breaks and interest rate subsidies on loans.

At a board meeting on April 25, Norilsk agreed to exchange \$196 million of debt, owed by a Potanin company, for a stake in the company building the Rosa Khutor resort where Alpine skiing events will be staged and an option to receive a two-hotel complex in the ski resort of Krasnaya Polyana in exchange for a stake.

Norilsk will also give a loan of \$140 million to a company controlled by Deripaska, the loan can be repaid by a 19.6 percent stake in his Olympic village project and an option to acquire a part of a hotel there.

A source close to Norilsk said the acquisition would make it possible to offer annual holidays to its workers and their families. More than 70 percent of Norilsk's 70,000 staff work for its Polar division, located north of the Arctic Circle, a harsh environment where the lack of sunlight can stunt the growth and development of children.

Interros, which has invested more than \$2 billion in Rosa Khutor, declined to comment, as did Norilsk Nickel and Basic Element, which manages Deripaska's assets.

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