
Russian Company Takes Over Armenian Railway

By Shakeh Avoyan

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Russia's state-run railway operator formally took over the long-term management of Armenia's rail network on Wednesday, pledging to give it a new lease of life with hundreds of millions of dollars in investments.

Transport and Communications Minister Andranik Manukian signed a 30-year management contract with Vladimir Yakunin, the visiting chief executive of the Russian Railways company, after officially declaring the latter the winner of an international tender.

The Russians, who have the option of extending the deal by another 20 years, are to make a one-off payment of \$5.5 million to the Armenian government and invest at least \$570 million in the Armenian railway.

Of that, \$220 million is supposed to be invested in the next five years. The government will also get 2 percent of its annual operating revenues.

Manukian said the deal is the only way to prevent the cash-strapped and underused network from collapse. "Please understand that if we left the railway in the current state, we would have no train fleet a few years later," he told reporters during the signing ceremony. "And you also know the state of rail tracks and other infrastructure."

Manukian also argued that Russian Railways' investment commitments exceed the \$170 million minimum set by the government in its bidding specifications. "That is why I believe we are making a very good deal," he said.

Under the terms of the agreement, the Russian investments will jump to \$1.8 billion if Armenia restores its rail communication with Turkey and Azerbaijan. The sum is to total about \$2.2 billion in the event of the reopening of the Abkhaz section of Georgia's railway linking the region to Russia.

But Yakunin made it clear that reopening those rail links, closed in 1992-1993 because of the conflicts in Nagorno-Karabakh and Abkhazia, is "not our job." "We are not politicians, we are railway workers," he said. "What we are saying is that we will do everything in our power to help end the isolation of the Armenian railway."

According to Yakunin, Russian Railways found the Armenian rail network to be in a better shape than it expected and is buoyed by a growing volume of rail cargo shipments to and from Armenia. Yakunin also said that the new network operator avoid drastically raising Armenian rail tariffs and will seek to further boost the cargo turnover instead.
