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Kevin Dougherty

Kevin Dougherty from Pharos Financial Group joined RT to take a closer look at the Russian infrastructure issue.

Russia Today: Russia's infrastructure could potentially be badly in need of reform. So could it hold back the country's economic growth?

Kevin Dougherty: It certainly could if there isn't an increase in investment in infrastructure. But there have been some very positive signs over the last few years and investment is increasing quite a bit in infrastructure, and we see that across the country, in ports, in airports, in rail. There is a lot of infrastructure that is already in the budget for the next few years, so the government is taking the steps necessary to address the problem. We have seen, for example, the construction sector as the fastest-growing part of the economy and fixed investment growth is increasing at 20-25% year over year, which is the type and numbers that you see in China. So, they are addressing the problem.

RT: The government is proposing to generate one trillion dollars by 2020. Can it raise that much money for infrastructure projects in Russia?

K.D.: Well, it is a very big number and actually doing forecasts out to 13 years is always very problematic. As I have already said, the important thing is that the government takes steps now to continue making the investment climate friendly for investment, and we are seeing investment across the country. So, I hate to judge on a number of the next 13 years. The government is moving in the right direction. But it is important that also legislation be in place to help guarantee some of the investment that does go into infrastructure.

RT: Government is supporting the idea of public-private partnership. How keen are foreign and domestic investors on investing in such a type of projects?

K.D.: We've seen quite a bit of that investment from domestic business groups already. And obviously with Sochi having won the 2014 Winter Olympics bid there are already some of the biggest business groups in Russia who have committed to big investments in that region – companies like Gazprom, Basic Element and Interros Group. So there is money coming from domestic groups. There will be money coming from foreign groups as long as the government puts the proper deals and legislation in place to give comfort to those investors. Quite frankly, public-private partnership things get done everywhere all around the world. So there is no reason why they can't be done here in Russia as well.

RT: You are talking about Sochi and the Winter Olympic Games. This forum is intended to boost investment in infrastructure across Russia but it seems to be quite heavily focusing on Sochi. Are the other regions in Russia being sidelined, as this forum continues?

K.D.: I don't think so. I think you have to look at the context of what is happening right now. It was only three months ago that Russia was awarded the Winter Olympic Games in Sochi. So it is natural that the focus right now is going to be on projects in that region and around the Olympics. But the investments are being planned and implemented in regions all across Russia. And that's one of the things that makes us very optimistic about Russia and investment in Russia – that it is happening outside of Moscow and St. Petersburg, outside the big cities. Some of the fastest-growing parts of Russia are in the regions. And so I wouldn't be worried that what we've seen today was focused on Sochi – it is a natural outgrowth of winning the Olympics.