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Infrastructure is 'good bet' for cracking Russia

Big projects like energy, transport offer avenues for S'pore firms: Expert

■ BY ROBIN CHAN

RUSSIA can be a tough nut to crack for local firms but infrastructure projects look to be one of the best bets, said an expert yesterday.

IE Singapore chief executive Chong Lit Cheong told a briefing yesterday that big developments – in energy and transport, in particular – offered the most opportunities for Singapore companies.

But he acknowledged that while local firms were keen to expand in Russia, some have found the going tough.

"We've been working on the Russian market for almost five years now," said Mr Chong, who was speaking on the sidelines of the Russia-Singapore Business Forum.

"In the beginning, we tried to touch all aspects of it... No doubt there are a lot of opportunities, but Singapore companies need to be mindful of what they can do and what they want to do.



Mr Chong acknowledges that while Singapore companies are keen to expand in Russia, some have found the going tough. ST FILE PHOTO

"Oil and gas is still a sector for us... Seaports and airports are infrastructure that the Russian government needs to upgrade."

On Monday, two memorandums of understanding were signed between companies in Singapore and Russia for possible port developments in Kaliningrad and Vladivostok.

Changi Airport Group has also been keen to get into the Russian market. It has concluded a one-year management contract with Moscow's Sheremetyevo airport, but lost out in a bid to upgrade St Petersburg's Pulkovo airport.

"Changi Airport hasn't given up," said Mr Chong.

Investments in the form of public-private partnership projects, which have been ways in which Singapore companies have gained a foothold in China, are also gaining favour in Russia.

"There are not a lot of (public-private partnership) projects right now. There are a couple, including toll roads, bridges and airports, coming up," said Ms Jaisey Yip, IE Singapore's centre director for Moscow.

Keppel Corp chief executive Choo Chiau Beng told the forum yesterday that sustainable townships could be an opportunity in Russia.

"The Russian government is aware of the need to conserve energy despite Russia being one of the largest holders of energy resources," he said.

Mr Chan Soo Sen, executive vice-president of SingBridge International, added that the public-private sector cooperation to build townships in China was to solve a very real urbanisation challenge facing the economy.

SingBridge, a Temasek Holdings unit, is focused on developing sustainable and economic cities internationally.

Mr Roustam Tariko, founder of Russian Standard Bank, said Singapore banks are keen to break into the Russian market but are still far away from that goal.

"The main issue with the banks is that they don't know Russia very well yet. And while they want to invest, they don't know the best way to do it," he said.

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